Austria	Sch26	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.700	Iran	[illegible]	Philippines	[illegible]
Belgium	BFr50	Israel	[illegible]	Poland	[illegible]
Cyprus	[illegible]	Italy	L2000	Portugal	[illegible]
Denmark	DKr12.00	Jordan	JD1	Qatar	[illegible]
Egypt	[illegible]	Kuwait	[illegible]	S.Arabia	SR7.00
Finland	FM8.50	Lebanon	L£400.00	Singapore	S$4.10
France	FFr7.50	Lux	LFr55	Spain	Pta165
Germany	DM2.80	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50
Hong Kong	HK$12	Neth	Fl 3.25	Thailand	Bht50
Hungary	Ft107	Nigeria	Naira10	Tunisia	Din0.800
Iceland	IKr160	Norway	NKr12.00	Turkey	L2000
India	Rs15	Oman	OR1	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

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Friday September 28 1990

D 8523A

OIL PRICE PUZZLE
A question of market psychology
Page 18

World News

Bomb defused at London conference on terrorism

British police defused a bomb planted, apparently by the Irish Republican Army, at an international conference on terrorism due to be addressed in London by a government minister, London's police chief and other international experts. The incident happened as the British cabinet was discussing improved anti-terrorist measures. Page 20

Kidnap attempt fails

An attempt to kidnap or kill US Brigadier-General John Douglass, working at Nato headquarters in Brussels, failed. Two men broke into his house after chloroforming a guard, only to find he was away on holiday.

Liberia talks off

Peace talks due to begin today between rival Liberian rebel leaders Charles Taylor and Prince Johnson have been indefinitely postponed.

Souter wins vote

The senate judiciary committee voted 13-1 to confirm President George Bush's nominee David Souter as a US supreme court justice. The full senate will now decide. Page 4

Zambia backs poll

Zambia's top policy-making body endorsed President Kenneth Kaunda's proposal to end 17 years of one-party rule and hold multi-party elections within a year.

Ben Bella returns

Algeria's first president, Ahmed Ben Bella, now 73, ousted in a 1965 coup, returned from exile and received an ecstatic welcome in Algiers from a 200,000 crowd. Page 20

EC's Burma protest

The European Community has led an 18-nation protest to Burma's military rulers for their refusal to hand over power to the opposition winners of May's elections.

Offer to Lithuania

The Kremlin has offered to open talks with Lithuania next Tuesday on the future status of the rebel republic, a Lithuanian spokesman said.

Barter system ends

Finland and the Soviet Union will scrap the unique barter trade arrangement which has existed between them since the Second World War. No money changed hands when Moscow exchanged oil for wood products.

Mohawks in brawl

A 78-day dispute over Mohawk tribal lands and sovereignty ended as warriors laid down weapons at Oka, Quebec, but some resisted and a number of people were injured in a subsequent brawl. Page 4

Military service cut

French defence minister Jean-Pierre Chevenement said compulsory military service would be reduced from a year to 10 months, starting in 1992.

Court rules on sex

The European Court of Human Rights rejected a plea by Caroline Cossey, 36, a transexual, that she be allowed to marry a man. It supported British rulings that the model and actress is still legally male.

Business Summary

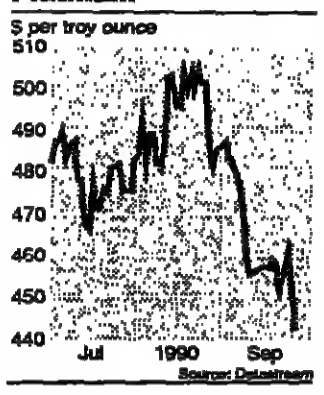
Wall Street drops 38 points by mid-session

Rising crude prices and concern about the Gulf sent the Dow Jones Industrial Average tumbling in heavy trading. The index was 38.61 lower by mid-session at 2,421.04. On Wednesday, the Dow closed down 25.99 at 2,459.65, just above its lowest close of the year of 2,452.97.

The Nikkei average dropped to a new year low, ending down 478.71 at 21,771.91 – the first close below 22,000 since January 1988. Back Page, Section II

PLATINUM prices fell to a four-year low in London after a drop of almost $15 a troy ounce on Wednesday. On the New York Mercantile

Platinum



Exchange, October platinum futures hit a low of $435.50 an ounce, the lowest price since July 1986. Commodities, Page 34

OLIVETTI, Italian computers and office equipment group, recorded half-year pre-tax profits of L60.9bn ($51.7m), down 41 per cent on the same period in 1989. Page 21

SWEDEN'S finance companies are holding emergency talks to discuss crisis of confidence in their activities on Swedish stock market. Share trading on Stockholm bourse has been stopped in six listed companies. Page 21

SOUTH Korea is to invite bids to provide engineering technology and rolling stock for an $8bn high-speed railway line, its transport minister said. Page 8

POLLY Peck: David Fawcus, due to become Polly Peck's deputy chief executive on Monday, was questioned by the Serious Fraud Office when he voluntarily went to its headquarters. Page 21

UNION Carbide, US chemicals group, announced several asset sales and a large stock repurchase programme. Page 21

FIAT, Italian vehicles group, reported first-half profits down by 1.6 per cent. Page 22

CHEMICAL industries of Canada, Europe, Japan and the US have set out common objectives for Uruguay Round trade-liberalising talks. Page 8

VOLVO, Swedish automotive group, will mobilise SKr3bn ($519m) from reserves to 1993 on truck and bus production in Sweden as part of alliance with Renault, French car maker. Page 24

UNISYS Corporation, US computer group, is to suspend the quarterly dividend on common shares.

IEA believes increased production, high stocks make up for Iraq and Kuwait losses

Release of oil reserves opposed

By Steven Butler in Paris, Peter Riddell in Washington and David Thomas in London

OFFICIALS of the International Energy Agency yesterday ruled out following the lead of the US administration, which decided late on Wednesday to order the immediate sale of 5m barrels of crude oil from the US strategic petroleum reserve.

The IEA, which co-ordinates industrialised countries' response to oil supply fluctuations, is set to agree in Paris today on procedures for any emergency release of crude oil from government reserves.

However, the agency believes that increased production from some members of the Organisation of Petroleum Exporting Countries, plus high stock levels in the industrialised countries, will be sufficient to make up for the loss of Iraqi and Kuwaiti supplies through the winter period.

Both the UK and West Germany said yesterday that they had no plans to follow the US lead by releasing part of their strategic oil reserves.

Sheikh Ahmed Zaki Yamani, the former Saudi Arabian oil minister, blamed high oil prices on the failure of leading oil companies and western countries to run down stocks.

Sheikh Yamani, who was Opec chief strategist until his abrupt dismissal in 1986, said in London: "If oil companies were willing to de-stock and draw from their inventories, we could reduce the price of oil." He warned that releases of strategic reserves by governments would be ineffective unless oil companies were also willing to cut stocks.

Prices of North Sea Brent crude for November delivery rose $1.075 a barrel to $39.175 after wild swings during the day, while crude oil futures on the New York Mercantile Exchange opened 87 cents lower at $37.80.

The US stock release was being seen in Washington yesterday as a largely symbolic move rather than a direct attempt to change supply and demand conditions.

The amount involved is equivalent to what the US imports every 18 hours, and is also only a tiny fraction of the total reserve of 590m barrels held in underground salt caves in Louisiana and Texas.

Admiral James Watkins, US energy secretary, said the US was prepared to implement a co-ordinated drawdown of its reserve with other IEA countries should the situation warrant it.

Mr Henson Moore, the deputy energy secretary, said the real aim was to test the system, to be sure that the oil could be moved out of the ground and into the marketplace.

The White House presented the move as a warning to the markets. Mr Marlin Fitzwater, the president's spokesman, said: "We want to make it clear to those speculators that we do have oil to put on the market."

President Bush said there was "no justification for the intensive and unwarranted speculation in oil futures". This has led to a sharp rise in the price in the last two weeks fuelled by worries over the deteriorating situation in the Middle East.

This is the first time the reserve has been used in a crisis since its creation in 1975 following the first oil price shock. Congress voted earlier this year to increase the ceiling on the reserve from 750m barrles to 1bn barrels by the end of this decade. The total cost so far is $19.4bn.

ON OTHER PAGES

President Bush, speaking at the Republican Party fundraising event, announces the sale of 5m barrels of oil from US reserves

UK, Iran agree to restore diplomatic links

By Robert Mauthner, Diplomatic Correspondent, in New York

BRITAIN and Iran yesterday agreed to resume diplomatic relations, which were broken off by Iran over the Salman Rushdie affair in March last year.

A simultaneous announcement of the resumption was made in New York by Mr Douglas Hurd, Britain's foreign secretary, and the Iranian mission to the United Nations. The two sides said diplomatic relations wuld be resumed "on the basis of mutual respect" and that the respective embassies in London and Teheran would be reopened within a month.

Mr Hurd, who was expected shortly to meet Mr Akbar Velayati, the Iranian Foreign Minister, during the UN General Assembly meeting in New York, said both governments felt that outstanding problems could be resolved more easily if diplomatic relations existed than without them.

"I am extremely satisfied that such an agreement has been reached," Mr Hurd said. "It is clearly in our interest to re-establish diplomatic relations with Iran."

British officials made clear that the progressive improvement of relations with Tehran had been greatly helped by Iran's support of the UN Security Council resolutions imposing an embargo on all trade with Iraq.

Since becoming President after the death of Ayatollah Ruhollah Khomeini in June last year, Hashemi Rafsanjani has attempted to improve relations with the west and the Soviet Union in the face of vocal opposition from radicals.

Among factors contributing to a better climate was the public statement by the Iranians that they would use their "humanitarian influence" to secure the release of western hostages in Lebanon.

These hostages include Mr Terry Waite, the Archbishop of Canterbury's special envoy, and Mr John McCarthy, a British journalist.

The Iranians do not appear to have given any undertaking regarding any release of Mr Roger Cooper, a British businessman imprisoned in Iran since 1985 for alleged spying. But British officials are hopeful that this issue will be resolved once Britain and Iran get down to a more intensive examination of bilateral problems.

One of the most sensitive issues that had to be resolved was the alleged insult to Islam contained in Mr Rushdie's novel, Satanic Verses, which led to the initial break.

Iran has always insisted that the British government should ban the publication of the book, but this was categorically rejected by the UK because it would have violated the principle of freedom of expression.

An ingenious way of circumventing this particular hurdle appears to have been found, although it is not certain that it will entirely satisfy the Iranian authorities. In a letter to Sir Peter Blaker, the former Conservative foreign office minister, on August 1, Mr Hurd expressed the British government's respect for the Islamic religion.

The Iranians, for their part, have not formally lifted "the sentence of death" imposed by them on Mr Rushdie. But Iranian officials have made a public statement that Iran fully respects international law and will not interfere in the internal affairs of any other country.

It is not yet clear whether this undertaking will persuade Mr Rushdie that it is safe to come out of hiding and dispense with police protection.

Mr Rushdie has apologised publicly for any hurt which his novel may have caused.

In a television interview to be broadcast in Britain on Sunday, he says: "The book did not set out to do the thing that it has been accused of, which is to insult and abuse, and if that is how people have read it then I am very sorry."

Mr Rushdie, who went into hiding 18 months ago, adds that one of his greatest losses was "being reviled by the people I wrote about".

"I have never rejected the world I came from, I have tried to bring it into the world I am in. To be rejected by it is horrible," he says.

"All I can say is that people have said that I ought to be punished. All I can say is if punishment was the aim, I've had some," he added.

"In a very ironic way, I thought Satanic Verses was my least political novel. I thought it was actually very internal. I guess I was wrong.

"It is very difficult now to have a sense of politics, of what is going on, when you can't walk down the street or go anywhere or be with people."

Relations soured by suspicion, Page 7; Editorial Comment, Page 18

Capital gains tax switch may signal US budget deal

By Peter Riddell, US Editor, in Washington

HOPES of a last-minute budget deal have risen following signs that the Bush administration may be willing to compromise on the controversial issue of a cut in capital gains tax.

Congressional Republican leaders say the White House has signalled willingness to drop its demand for a cut in the capital gains tax rate and instead accept a plan which would index capital gains for inflation. This would exclude from tax liabilities the proportion of profits attributable only to inflation.

Mr Tom Foley, Speaker of the house of representatives and a Democrat, said yesterday the negotiators were "in the precincts of reaching a conclusion. A good deal has been agreed to tentatively." He said there had been a "modification" of the capital gains tax proposal and that it was being discussed.

In the past the administration has rejected indexing as failing to provide sufficient incentives for enterprise and capital formation. Democrat leaders argue that indexing capital gains tax would mainly benefit the better-off and that there should still be an offsetting tax on the wealthy.

Budget negotiators yesterday continued their almost continuous talks ahead next Sunday night's deadline when, if a deal has not been agreed, across-the-board spending cuts of up to $106bn will be imposed under the Gramm-Rudman deficit reduction law.

If a deal can be struck within the next two days, Congress will meet on Sunday in a special session to pass legislation postponing the cuts and temporarily funding the government until a detailed measure can be approved.

There is broad agreement among the negotiators about the scale of cuts in defence and domestic programmes, although there remains disagreement not only about tax proposals but also about reform of the budgetary system to impose tighter disciplines.

The Democrat leadership is irritated, but refusing to be deflected, by President Bush's attacks on them during campaign speeches on Wednesday and yesterday.

Mr Bush said Congress and its Democrat leadership "couldn't get serious about real budget reform."

Treasury bonds gain, Page 26

Study says Soviet Union faces sharply contracting economy

By Stephen Fidler in Washington

THE Soviet Union appears to be facing huge problems with a sharply contracting economy, according to evidence uncovered by an economic study commissioned by the Houston economic summit in July.

An official close to the study, which is being led by the Internaitonal Monetary Fund, said he was "horrified by the magnitude of the problem".

The Soviet Union was "an economy facing a lot of difficulties with GNP falling. If nothing is done, which is virtually inconceivable, the decline will continue until the economy flattens out at some miserable level", he said. The official, attending the IMF/World Bank annual meeting in Washington, emphasised that the investigation was still in its early stages.

Conditions in the Soviet Union are considerably more difficult than when the study was announced by the leaders of the Group of Seven leading industrial nations in July.

In the interim, doubts have grown about the ability of the country to hold together as a political entity, while there is sharp internal disagreement over economic reform mesures.

Practical difficulties in gathering information have also been significant. "We have spent all of our time to date trying to get data in a form in which we can use it," said one monetary official.

For example, Soviet balance of payments statistics mix up the current and capital accounts, because they account on a cash basis rather than a settlement basis. Loans to state enterprises are counted as revenues, and growth figures are based on incorrect prices.

Early problems also emerged on co-ordination between the various agencies involved, which officials say have now been largely sorted out. The IMF, World Bank, European Commission, the Organisation for Economic Co-operation and Development and Mr Jacques Attali, president-designate of the new European Bank for Reconstruction and Development, have all been allotted specific tasks in the study.

The Soviet Union will benefit significantly from the current rise in oil prices. The balance of payments is forecast to improve by $750m over a full year for every one-dollar rise in the oil price – based on its exports only to the convertible currency area.

However, oil production is falling – by 3 per cent last year and probably by more than that in the current year – because of decaying infrastructure in the industry and the exhaustion of oil fields.

The economy should also benefit from the proposed switch of trade within eastern Europe to hard currency.

This year's annual meetings of the International Monetary Fund and World Bank were conceived as celebrations. They ended up being close to a wake, with the assembled ministers and bankers ill-prepared for the gloom in financial markets resulting from the Gulf crisis and worries about a US recession. Page 20

Weekend FT

Tomorrow: Was Rambo right? The shameful story of US PoWs abandoned in Vietnam

●

Picking stocks in a troubled market

CONTENTS

Ireland's business débâcle threatens to envelop the EC

The collapse of Goodman International, Europe's largest beef processing and exporting company, controlled by the Irish businessman Mr Larry Goodman, may have far-reaching political implications.
Page 6

MARKETS

STERLING
New York lunchtime:
$1.872
London:
$1.872 (1.8640)
DM2.94 (2.930)
FFr9.8375 (9.810)
SFr2.4475 (2.4425)
Y258.75 (255.75)
£ index 93.3 (93.1)

GOLD
New York: Comex Dec
$410.8 (412.8)
London:
$405.25 (405.375)

N SEA OIL (Argus)
Brent 15-day Nov
$39.175 (38.10)

Chief price changes yesterday Page 21

DOLLAR
New York lunchtime:
DM1.566
FFr5.2435
SFr1.3045
Y138.18
London:
DM1.57 (1.5720)
FFr5.255 (5.2625)
SFr1.307 (1.3110)
Y138.3 (137.20)
$ index 63.0 (62.8)
Tokyo close: Y137.5

US lunchtime rates
Fed Funds $8\frac{1}{16}$%
3-mo Treasury Bills:
yield: 7.45%
Long Bond:
$96\frac{15}{32}$
yield: 9.09%

STOCK INDICES
FT-SE 100:
2,009.1 (+9.1)
FT Ordinary:
1,548.1 (+15.5)
FT-A All-Share:
971.01 (+0.4%)
New York lunchtime:
DJ Ind. Av.
2,414.85 (−44.8)
S&P Comp
299.57 (−5.49)
Tokyo: Nikkei
21,771.91 (−478.71)

LONDON MONEY
3-mth Int'bk close:
$14\frac{21}{32}$-$14\frac{15}{16}$ ($14\frac{15}{16}$)
Liffe long gilt future:
Dec $81\frac{15}{16}$ ($81\frac{7}{8}$)

CRISIS IN THE GULF

Iraq's aggression gives teeth to a newly united UN

By Robert Mauthner in New York

THE ANNUAL meeting of the United Nations General Assembly, always the favoured forum for airing Third World grievances, has this year taken on a far bigger dimension. During the first week it has attracted the big guns from all the world's main nations and the proceedings have been almost entirely dominated by the Gulf crisis.

A few complaints have been heard that industrialised nations have not been addressing the great economic and social issues facing the world, but there is wide agreement the UN has been carrying out its functions as never before. The feeling is that it augurs well for the future of the world organisation that so much time and energy should be devoted to the search for a solution to a crisis which is such an obvious threat to international peace.

The other outstanding feature is the unprecedented degree of unity achieved in dealing with the Gulf crisis. No longer is the UN divided by the cold war between super powers, which separated the world into two opposing camps. Iraq's blatant annexation of Kuwait, a clear contravention of international law, has if anything cemented the desire by the US and the Soviet Union to co-operate closely in the settlement of world and regional problems.

The Security Council, meeting at the same time as the General Assembly, adopted its latest resolution banning all flights to and from Iraq which carry cargo, by an overwhelming majority of 14-1, and in record time. Even Yemen, up to that point one of Iraq's few remaining supporters on the council, voted in favour and only Cuba against.

Perhaps the most impressive indication of the new climate of unity was the length to which the Soviet Union went to demonstrate its support for the anti-Saddam Hussein front.

In what must have come in yet another severe shock to Moscow's erstwhile ally, Mr Eduard Shevardnadze, the Soviet Foreign Minister, went further than ever before in threatening military action against Iraq, should peaceful means fail to persuade it to withdraw from Kuwait.

The UN had the power to "suppress acts of aggression" and this right would be exercised if Iraq did not end its illegal occupation of Kuwait, he said.

Mr Shevardnadze's tough statement to the Assembly was all the more striking since, only at the beginning of this month, Mr Mikhail Gorbachev, the Soviet leader, had refused after his summit meeting with President George Bush in Helsinki, to endorse a proposed statement for seeing the possible use of force if peaceful pressure on Iraq failed to bring about its withdrawal from Kuwait.

The Soviet foreign minister did, it is true, put a great deal of emphasis on the need to resuscitate the UN military staff committee, as the proper body to control international military operations. However, US and other Western officials are convinced that, in the present crisis in the Gulf, Moscow would not make this a condition for its support of US-led international military action against Iraq, should this prove necessary.

Tension builds as the 'psych war' hots up

By Tony Walker in Cairo

WHEN President Saddam Hussein this week threatened to strike at Israel and Middle East oilfields, his remarks did much more than send oil prices soaring.

The Iraqi leader's crude threats were seen in western capitals and in the region itself as the sign of an uglier mood developing in Baghdad as the full impact of the international campaign against Iraq begins to make itself felt.

Indeed, the Iraqi newspaper al-Thawrah charged yesterday in a grim commentary that the US was "constantly escalating tension and pushing things towards the abyss and war".

Inevitably, Mr Saddam's remarks have intensified the battle of nerves that is being played out in the Gulf region as the US continues to lower the threshold for war.

"Day after day," observed Dr Gihad Odeh of the al Ahram Strategic Studies Centre in Cairo, "the US is seeking to increase psychological pressure on Iraq in a game of deception and counter-deception."

But an answer to the great question that hovers over all discussion of the Gulf crisis – when will war start and indeed is it inevitable – still eludes the best minds in the region. There are simply too many imponderables.

What seems almost inconceivable is that having invested so much in the confrontation with Iraq the "allies" would withdraw without subjecting President Saddam Hussein to a substantial defeat either militarily or diplomatically.

And there are many observers who simply do not believe a diplomatic reverse, however humiliating, would be sufficient to neutralise the Iraqi menace. "If Saddam withdraws from Kuwait, would that be enough?" asked a western military attaché. "If we leave him in power with his forces in being, what is to say he will not do something in two or three years' time – and by then he might have the added card to play of a nuclear capability."

In the meantime, the diplomatic manoeuvring, the military build-up, the "psych war," as the Americans call the battle of nerves, continues, although the "surge" phase in the massive deployment of US forces has ended. The US now has sufficient strength, military experts reckon, on the ground, in the air and on the sea in the Gulf region to cope with almost any contingencies.

What now remains is for the various national commands to work out a structure that would enable a reasonable level of co-ordination among the dozen or so nationalities confronting Iraq. This will prove no easy task given differences of language and military tradition among the Americans, French, British, Canadian and Islamic forces gathered in the Saudi desert. As yet no allied supreme commander has been appointed; nor have air, land and sea component commanders. Uncertainties over command and control, if allowed to persist, could well bedevil any military action against Iraq. Behind the scenes the Saudi Arabians and the US continue to discuss this vexed issue.

But many experts are still cautious about predicting imminent hostilities. Dr Odeh believes that a number of factors might be constraining the Americans, including an unresolved debate in the administration about just what regional structures might be created after a war to preserve stability in a deeply unstable environment.

"It is not just a matter of countering Saddam Hussein," observes Dr Odeh. "It is a matter of shaping the future. The dilemma for the Americans is that you can win the war, but lose politically and regionally. The question for them is not win to lose, but win to win."

One of Washington's great fears is almost certainly that a war would so destabilise the region that it might be difficult, if not impossible in the short term, to put the pieces back together again. Memories of the downfall of the US-supported Shah of Iran are still fresh in the minds of US policy-makers.

While Iraqi tactics are pretty clear – Baghdad seems intent on trying to "buy time" at all costs – the US strategy is fluid, and therefore much more difficult to predict. But Dr Odeh believes that initially at least the US will try to "drain Iraq internally and externally" by seeking rigorously to enforce sanctions, by encouraging the Kuwaiti resistance and by other covert means such as sponsoring sabotage operations inside Iraq.

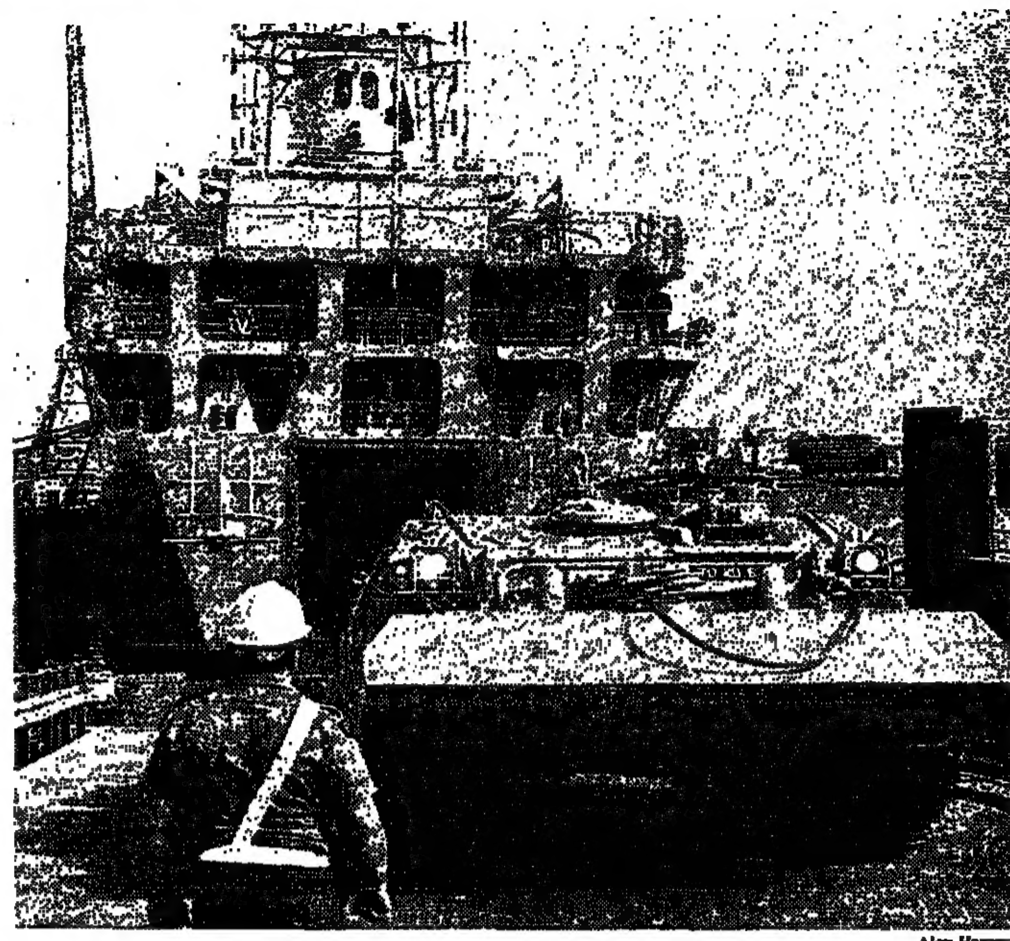
. All military experts agree on one point at least: the US and its allies enjoy clear air superiority. Mr Don Kerr, an air defence expert at the International Institute of Strategic Studies in London, said that in the event of war, crushing air power would be applied in the first instance to soften up Iraqi targets in and around Kuwait.

"The air force would cut off their mail, tea, fresh socks, fuel for tanks and make sure there was no re-supply of ammunition," Mr Kerr said, but he also warned that it would be wrong to underestimate Iraq's Soviet-supplied air defence systems. "The US and its allies have to expect to lose aircraft," he said.

Then there is the real test when ground forces go in and casualties begin to mount. According to some estimates the Americans could lose as many as 20,000 men if they attempt to dislodge the Iraqis from their fortified positions in and around Kuwait. Such a rate of casualties would certainly cause President Bush to pause before ordering an assault.

Lurking ominously behind all these calculations is the one great fear shared by the US and its Arab allies: that a cornered President Saddam Hussein would seek to involve Israel in the conflict, turning it into an Arab-Israeli war and risking Armageddon. For the Egyptians no less than the other Arab moderates, this is a nightmare scenario, and it is a possibility that is certainly not being discounted.

"We are taking that scenario very seriously," said a senior Egyptian intelligence officer. "That would change everything. We do not want the Israelis to participate. It would change the nature of things, making it a fight between Israelis and Arabs and not between Saddam Hussein and forces of principle."



Alan Harper

British tanks being loaded on the St Tristram at Marchwood near Southampton. The Royal Fleet Auxiliary leaves today for the Gulf

EC seeks free trade agreement

By Victor Mallet in Abu Dhabi

THE European Community is planning to accelerate negotiations for a free trade agreement with the Gulf states in a move to strengthen EC-Gulf relations following the Iraqi invasion of Kuwait.

Foreign ministers from the EC and the six-nation Gulf Co-operation Council, together with a representative of the EC Commission, are expected to agree to speed trade talks at a meeting at the UN in New York scheduled for last night.

Discussions between the two sides have been bogged down for years, largely because of resistance from European petrochemical producers which fear that their Gulf competitors will dominate the European market unless they are restrained by tariff penalties.

Mr Gianni de Michelis, the Italian Foreign Minister, signalled European intentions during a visit by the EC's troika of past, present and future presidents of the Council of Ministers to Saudi Arabia last month.

His views were echoed yesterday by Mr Andrea Bonetti, an Italian member of the European parliament, who told a news conference in Abu Dhabi that Europe would have to accept the risk of a gradual loss of jobs in the petrochemicals industry for the sake of Middle East stability and moderate oil prices.

"The EC is prepared to accept these costs as part of the price for peace and stability in the region," he said. "It is the wish of the EC to accelerate the negotiations."

It is thought that EC ministers may eventually agree to hand the EC Commission a new negotiating mandate which would reduce the duration of the protection to be afforded to European petrochemical manufacturers. The present mandate – never formally discussed between the EC and the GCC – allows protection for up to 16 years through tariffs applied above pre-arranged quota levels. It also permits "infant industries" in the Gulf to be protected from European competition.

GULF NEWS IN BRIEF

Baghdad 'threatening to starve hostages'

The British Foreign Office was last night anxiously seeking to confirm reports that Iraq will prevent foreigners from buying rationed food from Monday because of the UN blockade, writes **John Authers in London**. An Iraqi official said yesterday that Baghdad "will not be responsible for the suffering of foreign nationals regarding food supplies".

British officials said last night it remained unclear whether Iraq intended to deprive the estimated million foreigners in Iraq of food ration coupons needed to buy rice, bread, sugar, tea, milk, cooking oil and detergents. Food can be bought unofficially in Iraq, but supplies are scarce and prices high.

Western diplomats in Bagdhad, meanwhile, rejected an Iraqi government demand to name people sheltering in diplomatic missions in the capital and in occupied Kuwait. The note from the Iraqi government implied that sheltering foreigners was an offence on a par with espionage and carried the death penalty. Iraqi officials, however, assured diplomats that they would not be hanged for hiding their nationals.

Emir wins UN standing ovation

The Emir of Kuwait received a rare standing ovation and the longest applause of the UN session so far when he addressed the General Assembly yesterday, appealing to the World body not to waver in measures needed to free his nation, writes **Michael Littlejohns in New York**.

When the Kuwaiti ruler, Sheik Jaber al-Ahmad al-Sabah, was escorted to the rostrum, the Iraqi delegation walked out. Sheikh Jaber told the Assembly that the fate of the people was in its hands. The 160-nation Assembly has agreed to Kuwait's request for debate on the aggression.

US fires on Iraqi tanker

A US Navy frigate fired shots across the bow of an Iraqi tanker in the Red Sea yesterday. The tanker was later released after a Navy boarding party searched the vessel, **Reuter reports from Washington**.

Egypt warns off Sudan

Egypt would not hesitate to take out any Iraqi missiles positioned in Sudan, President Hosni Mubarak warned yesterday, writes **Tony Walker in Cairo**.

Mr Mubarak was responding to local media reports that Sudan had deployed missiles to threaten the Aswan High Dam on the Nile. . Sudan is allied with Iraq in the Gulf crisis.

Nato chief issues warning

Nato secretary-general Manfred Wörner said yesterday the western alliance would retaliate quickly if Iraq attacked any member nation, **Reuter reports from Washington**. He named no specific member country but Turkey seemed the likeliest candidate for such support.

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CRISIS IN THE GULF

PLO sees promise in the gathering Middle East storm

By Tony Walker in Cairo and Lamis Andoni in Amman

IN HIS revolutionary heyday, Chairman Mao Tse-Tung proclaimed that the situation was excellent since there was great disorder under heaven. A generation later and in a completely different theatre, some Palestinian leaders seem to be expressing similar sentiments.

Maybe it is an attempt to rationalise the Palestinian predicament, a stateless people caught in a gathering Middle East storm, but curiously, perhaps, their leaders see promise in the gloom.

The leadership, scattered between Tunis and Baghdad, argues that because the regional status quo had not facilitated a settlement of the Palestinian issue, then change may be desirable. But the danger for the PLO, no less than for all political structures in the region, is that it too may not survive drastic change.

"If war starts, a state of upheaval will settle over the whole of the Middle East," observed a Tunis-based PLO spokesman. "Some of the leaders will not survive and a new regional order will begin to establish itself that may be in our favour, not in the short-run, but in the long term."

"If the US comes out on top," he added. "Then we don't expect it to hurry to change its position vis-à-vis the Palestinian problem, but then the US has not been friendly to our cause in any case."

While the PLO mainstream led by Mr Yassir Arafat has seemed scarcely more beleaguered, scorned by its former allies among the pro-western Arabs and harshly criticised in the West over its tilt towards Baghdad, it is seeking, as ever, to profit from the least promising circumstances.

Mr Arafat's faltering attempts to promote an "Arab solution" to the crisis is an important element of a strategy that is endeavouring to detach the PLO from a disastrous early stand in which it appeared to condone Iraq's takeover of Kuwait to one where it is offering a constructive alternative.

The PLO plan, one of several on the table, calls for a freezing of the military build-up in the Gulf, the withdrawal of Iraqi troops from Kuwait and international forces from Saudi Arabia, the replacement of both by UN or Arab peacekeeping forces, and the establishment of an Arab League committee to adjudicate the territorial aspects of the conflict.

In the present climate such a plan seems to have very little chance of acceptance, but Mr Arafat's championing of it is a measure of the PLO chairman's irrepressible attempts to keep himself and his organisation always in the public eye.

The PLO's stance has been dictated from the earliest days by its closeness to Iraq. Since the collapse earlier this year of the latest US-sponsored Middle East peace effort, Mr Arafat had been gravitating towards Baghdad.

Iraqi sponsorship was seen as an alternative to a failed peace strategy since Saddam Hussein was emerging as the new strong man of the Middle East committed to redressing the balance of forces in the region and helping the Palestinians to fulfil their dream of a homeland. Mr Arafat and his senior lieutenants could not possibly have imagined, however, that their patron would act quite so precipitately and against a fellow Arab state that had been one of the PLO's earliest and most consistent supporters.

While the PLO leadership has, for the most part, given the appearance of unity in its stand on the Gulf crisis, there are, nevertheless, cross-currents in the ranks. Senior figures have looked askance on the damage done to the organisation's links with its traditional financial backers in the Gulf.

A letter sent by Hani al-Hassan, a close Arafat adviser, to King Fahd this month, expressing "solidarity with the Royal Saudi Kingdom, its king, government and people" was an attempt to undo some of the damage caused by the PLO's earlier strong support of Iraq. The letter is unlikely to have been sent without Mr Arafat's imprimatur, but it seems that more than words will be required to calm the rage in Gulf capitals at the PLO's role in the crisis.

According to the PLO chairman's advisers, his tilt towards Baghdad was dictated by the sentiment on the streets of Jordan and the occupied territories in support of the Iraqi president. "Arafat would have emerged as a leader without a people had he not supported Iraq," said one close aide.

Abdullah Hourani, a member of the PLO executive committee, said that once the takeover of Kuwait had been transformed from an internal Arab affair into a showdown between the US and Iraq, Mr Arafat was bound to make a choice. "The PLO cannot be neutral in a conflict between the US and Iraq," he observed.

PLO officials are taking heart from open discussion about the need for a comprehensive Middle East settlement once the crisis ends and the fact that the Soviet Union has been invited to participate in the search for solutions. They are also deriving satisfaction from Israel's exclusion from US attempts to resolve the crisis.

"When it came to the real interests of the US in the area, the Israelis became a burden and were told to stand aside," said Jamil Hilal, of the Marxist Democratic Front for the Liberation of Palestine. "Israel was seen not to be the best guardian of US interests."

Officials scoffed at suggestions the Gulf crisis had placed the PLO in one of its worst predicaments, mired in the quicksands of Arab and international politics.

One official said that, unlike 1983, when it seemed the organisation would tear itself apart after its removal from Lebanon, almost all its factions were united. He dismissed talk of creating an alternative PLO out of the ashes of the presence conflict. "If there is a plan to create an alternative to the PLO it is not realistic at all," he said. "They have to deal with the PLO."


Arafat: disastrous early stand

Economy of the Occupied Territories feels the pinch

The loss of markets, remittances and donations is hitting the West Bank and Gaza Strip hard, reports **Hugh Carnegy**

DESPITE the bureaucratic obstacles and costs imposed by both the Israeli and Jordanian authorities, Mr Kamal Hassouneh used to export 20 per cent of the output of his Al-Shark Electrode Company overland from its factory in Hebron, in the Israeli-occupied West Bank, through Jordan to Kuwait and Saudi Arabia.

Since the Iraqi invasion of Kuwait, however, that trade has dried up. To make things worse, Mr Hassouneh also anticipates a decline in demand from Jordan itself, customarily the market for more than half Al-Shark's output of welding elements.

With an annual turnover of around $3m and nearly 40 employees, Al-Shark is a significant business by local standards. Its plight is a vivid illustration of the serious effect the Gulf crisis is having on many businesses, families and institutions in the West Bank and Gaza Strip.

After much economic hardship caused by the *intifada*, people are used to getting by on reduced incomes. But the pinch is being felt in a fragile economy whose important ties to the Gulf, Iraq and to Jordan are being dislocated. Dr Hisham Awartani, a prominent Palestinian economist, estimates remittances, donations and export earnings from the Gulf make up for at least one fifth of GNP in the West Bank and Gaza.

For many, the most immediate impact is a sharp decline in remittances from relatives working in Kuwait, sums which previously totalled around $130m a year. The other side of this coin is the possibility that many Palestinians working in Kuwait, or in other Gulf states where they are now less welcome because of Palestinian support for President Saddam Hussein, will return to the occupied territories.

So far only a few of the 30,000 Palestinians in Kuwait with West Bank and Gaza residency papers have returned, and reports that thousands have been forced to leave the Gulf are said by officials to be exaggerated. But if the crisis worsens, the flow could increase, straining an already oversupplied labour market.

One effect which both Palestinians and Israeli officials anticipate is that Palestinian reliance on work in Israel will increase. The irony here is that a surge in construction in Israel to accommodate a flood of Soviet immigrants – whose arrival is regarded with dismay by Palestinians – is likely to provide extra demand.

The squeeze is also being felt among institutions which relied heavily on donations from the Gulf. Kuwait was the biggest Arab donor to the regular programmes of UNWRA, the UN welfare agency for Palestinian refugees, and the biggest single donor to its emergency programme in the occupied territories and Lebanon.

UNWRA says the latter, budgeted at $35m this year, may have to be suspended for lack of funds. Plans to build a much-needed new hospital in Gaza have also had to be shelved.

Similarly, other Palestinian institutions, reckoned to receive $50m a year from Kuwait, face severe difficulties. These include West Bank Universities, Mokassad Hospital in East Jerusalem and Patients' Friends societies in the West Bank and Gaza. New hospital building under way in Hebron and Tulkarm may be affected.

Big Palestinian industrial producers which export heavily to Jordan should not be too badly affected. For example, the Jordanian Vegetable Oil Company in Nablus is 40 per cent owned by the Jordanian government and has a monopoly position for its margarine. The factory accounts for 20 per cent of all West Bank exports.

Similarly, other staple products made for the Jordanian market, such as soap, are likely to survive. But, like Mr Hassouneh, some businessmen face deep trouble. Dozens of small factories quarrying and cutting stone and marble in the Hebron area mainly exported to Kuwait. Their production is said to have dropped by 90 per cent.

Agricultural exports have declined in importance in recent years, but the Israeli authorities have made it clear they will not allow agricultural products destined for Iraq to cross into Jordan. The combination of this and the loss of markets in Kuwait and the Gulf threatens a disaster for the citrus growers of Gaza.

Mr Awartani can see a bright side, however. "Easy money" from the Gulf has helped prevent indigenous economic development, he says. Now more self-reliance and investment at home by Palestinians may be forthcoming. "Maybe there's an opportunity there," he says.

Kaifu envisages new world role for Japan

By Ian Rodger in Tokyo

MR Toshiki Kaifu, the Japanese prime minister, has outlined draft legislation that would enable Japanese forces to go overseas for peacekeeping duties for the first time since the Second World War.

Mr Kaifu set out to calm fears that the move would lead to a resurgence of militarism, casting it instead in the context of Japan's enhanced responsibility, as a major power, to help create a new international order in the wake of the Cold War.

The country needed new ideals to complement the pacificism it had embraced in its post-war constitution, he said. Today he leaves for a four-day visit to New York, where he hopes to convince US opinion leaders that Japan has responded responsibly to the challenge of the Gulf crisis. "I have always said that we should go beyond giving money," he said.

Opposition parties denounced the plan, indicating that the government would face difficulties when it introduced it at an extraordinary session of the Diet (parliament) next month.

It is not clear whether the legislation could be enacted in time to support the operation in the Gulf.

Mr Kaifu said the legislation would provide for the creation of a UN peace co-operation corps to fill non-combat roles.

It would be made up of public sector employees, such as firemen, civilians and seconded members of the Self Defence Forces (SDF), and would come under the direct control of the prime minister's office. "It will not be involved in the threat or use of force," Mr Kaifu said.

Many in Japan believe that this initial, cautious move will gradually lead to a more prominent presence of Japanese military forces overseas, perhaps ultimately even armed and on the front lines of UN peacekeeping forces. Some fear such a prospect, others would welcome it as a recovery by Japan of normal status in the world. Mr Kaifu said he could envisage any escalation, but "we should not bind our hands for all time."

Asked if neighbouring Asian countries would be upset about the formation of such a force, he pointed out that China, which has already expressed concern, was a member of the UN Security Council and had actively endorsed the resolutions against Iraq. And Japan had to follow the leadership of the UN.

"For Japan to be a trusted partner in the world, we have to do this," he said.

Congress ready to pass Saudi arms package

By Lionel Barber in Washington

PRO-Israeli members of the US Congress yesterday signalled that they would approve a scaled-back $7.5bn (£4bn) arms package for Saudi Arabia.

The package includes 150 M-1A2 tanks, 1,750 advanced TOW anti-tank missiles, and six Patriot anti-missile batteries intended to cover Saudi Arabia's immediate defensive needs against Iraq.

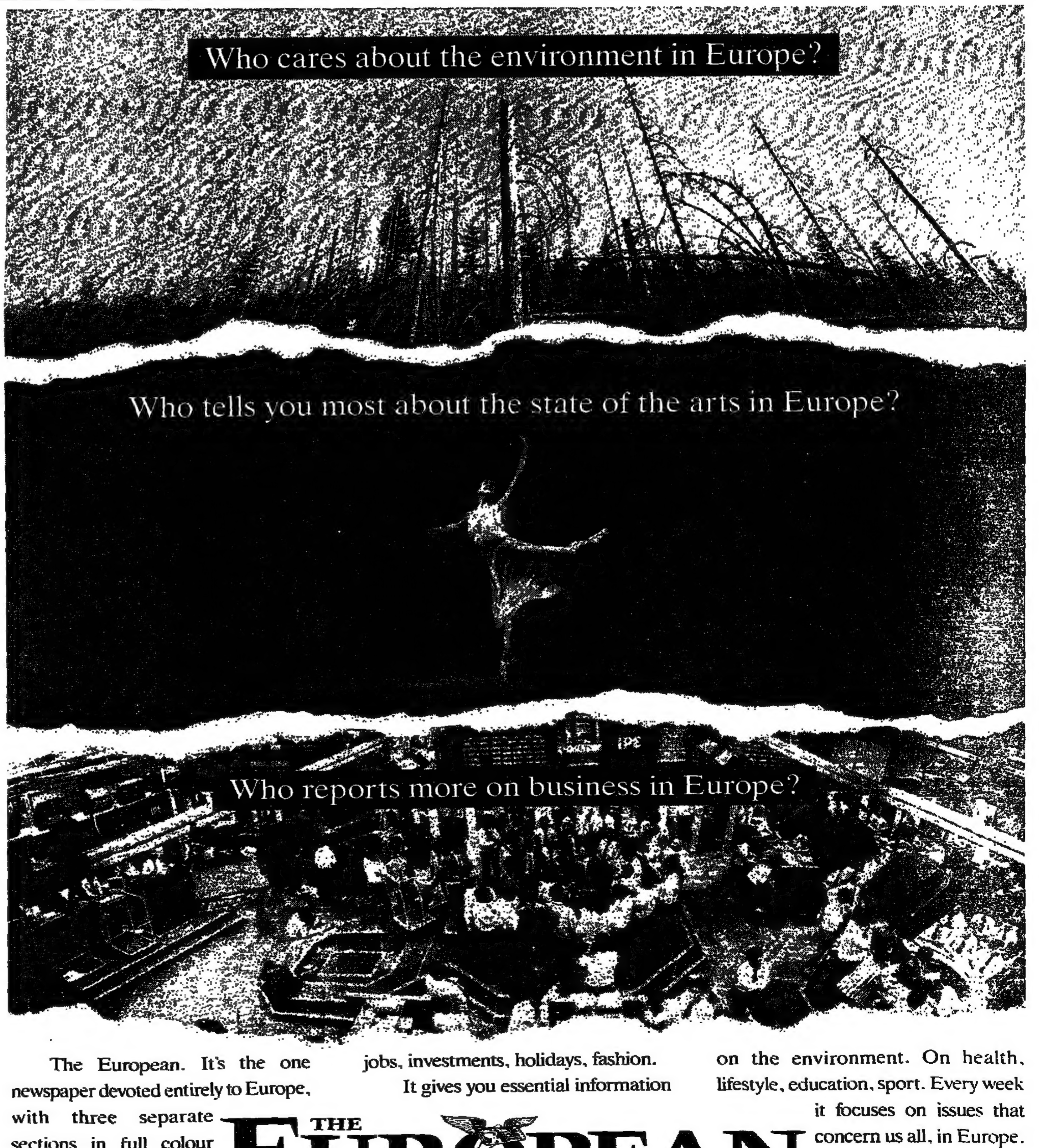
A second tranche valued at around $14bn – including F-15 fighters, tanks and other weapons for Saudi Arabia's long-term needs – is expected to be submitted to Congress early next year.

The administration originally wanted to press ahead with a single $21.5bn package as a show of solidarity with Saudi Arabia, but congressional opposition forced the White House to scale down the proposal.

Mr Mel Levine, one of the proposal's chief opponents and a staunch supporter of Israel, described the revised package as a "significant improvement".

Some lawmakers, particularly those with pro-Israeli ties, were worried by the proposed inclusion of the M1-A2 tanks.

But congressmen seem inclined to consider the argument that the $21.5bn sale amounts to a shot in the arm for US military contractors in an era of falling defence spending. Some have already dubbed the package the "1990 Defence Industry Relief Act".



AMERICAN NEWS

Regulator warns against alarmist banking reports

By Peter Riddell, US Editor, in Washington

A *SENIOR* US bank regulator yesterday warned against "alarmist" reports about the condition of the banking industry and the deposit insurance fund.

As the House banking committee continued its inquiry into the state of the industry, Mr Robert Clarke, comptroller of the currency, said "those dire forecasts receive too much publicity and should not form the basis of our policy deliberations".

However, Mr William Seidman, chairman of the Federal Deposit Insurance Corporation (FDIC), revealed that calls on its fund which insures depositors would be greater than previously expected.

The fund dropped from $18.2bn (£7bn) at last year's close to $11.4bn by the end of June. Mr Seidman said losses for the year would be closer to $3bn, rather than the $2bn projected only a month ago.

Both he and Mr Clarke have rejected congressional proposals to raise the mandated reserve level to $1.70 per $100 of deposits, compared with about 60 cents at present. They argue that requiring such an increase would cause severe dislocation in financial institutions and that any decision should await results early next year of a Treasury study into the deposit insurance system.

There is broader support, including from the Bush administration, for early legislation giving the FDIC flexibility in fixing the premium level.

Mr Robert Glauber, Treasury under-secretary for domestic finance, told the committee in a progress report that its study would involve shifting risks from the taxpayer to banks and depositors.

He suggested banks would pay insurance premiums reflecting the riskiness of their loans and the level of their capital. The number of insured accounts per depositor should also be limited.

Mr Glauber indicated the administration might require banks to conduct commercial real estate lending through separate affiliates not using insured deposits.

Mohawks end 78-day stand-off

By Robert Gibbens in Montreal

A 78-day confrontation between a small group of heavily armed Mohawk Indians and Canadian soldiers and Quebec police at an Indian reserve near Montreal has finally ended.

Late on Wednesday a group of 60 Indians at the Oka reserve, 18 miles west of Montreal, decided to lay down their arms and surrender to the Canadian army. The group included about 25 members of the militant Mohawk Warriors faction.

The stand-off remained tense to the last. As the Indians walked to pre-arranged areas near the barbed wire barriers surrounding the reserve, they suddenly veered in the opposite direction, confusing waiting soldiers.

Several people were injured in the jostling that followed, but none seriously. The group, including women and children, was finally bussed to an army camp one hour away and several were charged by the Quebec police.

The crisis began early in July when Mohawks living on two reserves near Montreal used an Oka land issue to call international attention to Indian discontent.

Collor under pressure

By Simon Fisher

HIGH oil prices are threatening to undermine Brazil's economic adjustment programme, as the government comes under growing pressure to pass increased costs on to the consumer, despite the extra boost higher prices at the pump will give to inflation.

After a week in the United States to drum up support for his drive to overhaul the Brazilian economy, President Fernando Collor de Mello was forced to acknowledge that gasoline prices would have to rise to curb consumption.

August imports were the highest so far this year, at 817,000 BPD more than half Brazil's total consumption, which also peaked at record levels for August.

Calls from the state-owned oil company, PetroBras, for higher internal tariffs have been ignored for several months as the government gave priority to its fight to pull inflation down under double figures monthly, hoping that instability in the international oil market would pass. Instead, the inflationary impact was merely postponed, building pressure in the meantime.

Mexican workers strike

By Richard Johns in Mexico City

A CONCERTED wave of strikes by members of the Confederation of Mexican Workers has paralysed operations at least 60 companies, most of them in the service sector in the northern industrial centre of Hermosillo in the state of Sonora.

The initiative to stop work in support of a 40 per cent pay claim was clearly taken at local level leaving the central leadership of the CTM, the labour organisation closest to the Government, and Mr Fidel Velasquez, its 90-year-old boss, confused as to how to react.

Following the strikes at Ford's plant and Cuatitlan and the Modelo brewery here earlier this year, the Hermosillo strike action could be a further blow his authority and credibility, as well as the Government's control over the union movement.

Late last week Mr Velesquez appeared to condone it saying that "the workers had no other recourse to hand". Yesterday, however, he was quoted saying that now was not the time to increase the minimum salary (of just over 10,000 pesos or nearly $3.50 a day).

Souter wins stamp of approval from senate committee

THE senate judiciary committee voted 13-1 yesterday to confirm Mr David Souter as a US supreme court justice, Reuter reports from Washington.

The committee's recommendation now goes to the full 100-member senate for a final vote.

Senator Edward Kennedy cast the only vote against Mr Souter.

The committee's stamp of approval was generally expected despite opposition from some groups which fear Mr Souter might help to overturn a law guaranteeing abortion rights.

But a near-unanimous vote had not been certain.

It was generally expected that Mr Souter would win confirmation by the full senate even before the overwhelming senate committee endorsement.

He will replace liberal Justice William Brennan, who retired recently.

In announcing his opposition to the nomination, Mr Kennedy said Mr Souter's testimony at his confirmation hearings raised concerns that he would not protect individual rights and freedoms, if confirmed.

"I hope I am wrong. But I fear I am right," Mr Kennedy said.

"The senate is still in the dark about this nomination. In good conscience, I cannot support this nomination."

Other committee members said they believed Mr Souter was well qualified and would be fair and open-minded. However, some liberals, such as Mr Joseph Biden, expressed reservations.

"His vision of the constitution is not mine – but it is clearly not that of the court's hard-line conservatives either," Mr Biden said.

The nine-member supreme court often fielded a 5-4 conservative majority even when the liberal Mr Brennan was on the bench.

Liberals fear that Mr Souter, who refused to discuss his views of abortion and some other sensitive issues, might give conservatives an unbeatable 6-3 advantage.

Milken fights broader allegations

Nikki Tait on the US junk bond trader's dispute with prosecutors

"THIS court's message must be a clarion call to the community that financial crime cannot be countenanced and will not be tolerated."

Thus, with righteous indignation and suitable rhetorical flourish, the US government has demanded that Mr Michael Milken, who built up and ran the junk bond department at Drexel Burnham Lambert, the controversial US investment bank which went into bankruptcy this year, should face a tough prison term when he is sentenced on Monday.

Mr Milken's lawyers have hit back, pleading for a community service sentence. They talk about his family life, his work for charity, and his "commitment to the community".

"He helps his children with their homework," it reads at one stage. "He rarely misses a school function or a doctor's appointment. Michael has even coached his boys' basketball teams."

But, stripped of this emotional content, the two submissions clash on one key point. Should Mr Milken be sentenced on the six relatively narrow charges to which he has pleaded guilty? Or, as the government argues, is there a case for considering broader evidence on the alleged behaviour within Drexel, despite the fact that specific criminal implications are strenuously denied by Mr Milken?

In pushing its position, the government has detailed a series of new situations where it believes wrong-doing occured. Most of these centre on the relationship between Mr Ivan Boesky, the former US arbitrageur who has already served a prison term for insider trading, and Milken/Drexel.

But that is not quite the whole story; there are also four specific allegations of insider trading, not involving Mr Boesky, together with a look at the links with Princeton-Newport Partners, a fund management operation in New Jersey, some of whose leading lights have already been successfully prosecuted for tax-related offences.

The nub of the government's allegations on the Boesky front is that the arbitrageur helped Drexel in 1984 by buying shares in a company called Fischbach, for which a Drexel client was considering a bid. This was done on the understanding that Drexel would make up any losses which Mr Boesky incurred.

Michael Milken: Helps his children with their homework

When the arbitrageur did, indeed, show a deficit running to millions of dollars, he pressed for recompense. So other trading relationships were devised. "Once the corrupt relationship had begun, additional crimes were committed not to influence new additional corporate events but to generate profit which were then used to repay debts owned from past crimes," alleges the government.

It cites, for example, a situation in July 1985 when Turner Broadcasting talked to Drexel about the possible purchase of MGM/United Artists. A deal was publicly announced on August 7, and Drexel was hired to represent both MGM and Turner. In the event, the financial condition of the two companies deteriorated, and the transaction was restructured. The new deal was announced on October 2.

The government claims that Mr Milken and Mr Boesky spoke about MGM "on or about" August 7, although the Turner agreement barred Drexel from disclosing or using any information entrusted to it by Turner, and agreed to purchase MGM securities at the direction of Mr Milken with profits/losses being shared. It then alleges that there was a series of trades under instructions from "the coast" – Drexel's High Yield Department was based in Beverly Hills – and that by early September, a stake of around 1.55m MGM shares had been built up.

Moreover, on September 2, in the wake of the restructured deal, the government says the Boesky Organisation bought around 250,600 shares, or 56 per cent of the day's total trading volume. "These purchases created the false impression in the market that investors, who had no disclosed interest in the success or failure of the transaction, were supporting the restructured deal," claims the government.

By March 1986, the government claims that Mr Boesky and Mr Milken showed an unrealised gain of over $3m on a total of 2.85m shares, of which Drexel got half.

The response from Mr Milken's lawyers is robust. "Mr Milken's relationship with Boesky never involved insider trading"; Mr Milken never used Mr Boesky "to influence corporate events"; and their relationship was never a "significant [or] necessary component of the growth of [Mr Milken's] power in the high yield market," they declare.

The Milken case also makes much of the opposing evidence which it claims the government ignores. Why, for example, did Mr Boesky seek inside information – "at a hefty price" – from Mr Dennis Levine, who started working at Drexel in early 1985, if there had been a free flow of tips from Mike Milken?

In the case this year of Mr Robert Freeman, head of arbitrage at Goldman Sachs, who pleaded guilty to one count of insider trading, attempts to bring additional evidence to bear on the sentencing were thrown out by the judge.

Undeterred, the government argues that matters are different in this case because one of the six Milken counts is a "broad conspiracy" charge. This "expressly embraces additional 'manipulations'." "Although Milken has limited his allocution to five separate acts in furtherance of that conspiracy, this court can and should sentence Milken for all of his crimes," it maintains.

Again, with equal force, the Milken camp protests: "If the government had wanted Mr Milken sentenced for other crimes, it should not have entered into the plea agreement which it did." If the government wanted Mr Milken punished for other crimes, it should have gone to trial or insisted on a plea to an insider trading charge, they say.

And it is the answer to that dispute which – to a packed courtroom in Manhattan – Judge Kimba Wood will provide in three days' time.

IMF/WORLD BANK MEETING

Crisis group gives priority to swift emergency relief

By Peter Riddell, US Editor, in Washington

PROMPT dispatch of emergency relief is a priority for the new international group co-ordinating aid for the frontline states most affected by the Gulf crisis.

The first meeting of the US-led Gulf Crisis Financial Co-ordination Group agreed on a two-stage operation – immediate, unconditional relief and medium-term economic assistance up to the end of 1991.

This would probably be conditional and linked to existing International Monetary Fund and World Bank programmes.

Senior officials on a technical committee will now try to reconcile varying estimates of needs of the frontline countries – Egypt, Jordan and Turkey – and see whether any other nation should be helped.

After the meeting Mr Cees Maas, Dutch deputy finance minister, said the participants did not settle on any specific amounts as the volatility of the dollar and the price of oil made such decisions difficult.

He added there was agreement about goals but no commitments on amounts. "We agreed that it has to be done quickly and it has to be co-ordinated."

Some reservations have been expressed by West German and Japanese officials about the manner and speed of the US initiative, amid concern that they may be pressured into pledging more money.

West German officials note the $2.1bn already committed and the large amounts which are being spent on German unification and on aid to the Soviets.

Separately, Saudi Arabia and Kuwait have expressed doubts about aiding Jordan, in view of its equivocal stance in the crisis.

Following Wednesday's meeting, US officials said that aid would be disbursed on a bilateral basis from country to country – as is already happening with emergency relief – with discussions in the new group to co-ordinate and focus the effort.

● The World Bank has made no decision to go ahead with a special loan facility to help countries badly affected by the Gulf crisis, Mr Barber Conable, the bank's president, said yesterday at the close of the meeting, Stephen Fidler adds.

But if the crisis is prolonged into 1991, a new facility, funded voluntarily by beneficiaries from an oil price windfall, would probably be necessary.

While the bank had flexibility to respond immediately to the crisis, events were too uncertain now to determine whether a new fund was necessary.

However, the bank would be stretched if the problem was prolonged into next year, Mr Conable said. He hoped such a fund would be of a "size appropriate to the crisis" but could not say how large that would be.

S Africa reluctant to seek Fund loans

SOUTH AFRICA'S economic officials are reluctant to seek loans from the International Monetary Fund because of the political fall-out that would follow, Reuter reports from Washington.

Mr Chris Stals, Reserve Bank governor, said at a press conference on the final day of the IMF/World Bank annual meeting: "It would unavoidably lead to a discussion of South Africa in Congress and that could embarrass us, it could embarrass the IMF."

The Gramm amendment, a 1982 congressional action, requires the US government to oppose financial assistance to South Africa.

The US has a 19 per cent voting stake on the IMF board and is believed to be able to rally allies against any financing plan for South Africa, which only recently began to dismantle some of its apartheid laws.

"The last time around we took a lot of heat," an official from the IMF said, referring to a 1982 loan provided to South Africa.

Because of its positive current account and a per capita income exceeding $2,000 a year, ordinarily the cut-off limit for IMF lending, the country is not within the parameters to receive IMF assistance, the official noted.

Asked if political changes in South Africa had affected the country's relationship with the IMF and World Bank, Mr Barend du Plessis, finance minister, said links remained solid.

He said that in 1985 and 1986, when the country was forced into a unilateral debt standstill, "we were perceived as persona non grata," particularly among commercial creditor banks.

"Bankers are much more concerned about their money than political associations," he added.

■ IMF/WORLD BANK NOTEBOOK

'Can-do' Iraqis brave scorn of delegates

By Stephen Fidler and Peter Norman

THE IRAQI government changed its mind and delivered an address to the annual meetings of the International Monetary Fund and World Bank yesterday.

Pressing the legitimacy of Iraq's action in Kuwait, Abdul Moneim Othman, an alternate governor of the IMF, said Kuwait had been "artificially and unlawfully separated from its motherland by deliberate colonial design and manipulation".

Iraq's offer of free oil to developing countries has clearly been greeted on some occasions at these meetings with laughter. "I'm really sorry that people sometimes meet the proposal with laughter and giggles," he said. Like other Iraqi initiatives, it had not been given the attention due to it.

Iraq supported a "new world order" but only if it consisted of "true partners and not masters and obedient surrogates".

The "disproportionate reaction" to the events of August 2 (the invasion of Kuwait) was an attack on the "home-grown 'can-do' attitude in Third World countries." There was no large-scale walk-out, although some unidentified Arab delegates did leave and some (light) applause followed his speech.

■ Environmental groups regularly engage in earnest conversations with bankers and delegates and the occasional demonstrations at these meetings. But they do not eschew modern technology. Protesting at the destruction of the tropical rain forests, representatives of Greenpeace and the Rainforest Action Network, demonstrators locked themselves in a model of a giant chainsaw outside the convention centre. A spokesman inside the chainsaw was available for comment to the press via mobile phone. Arrests, as they say, were made.

■ East Germany has turned out to be a good investment for Hilmar Kopper, chief executive of Deutsche Bank.

He expects his bank's operations in the region to break even by the end of this year after much faster than anticipated growth.

Like their West German cousins, the East Germans are turning out to be assiduous savers, and already have DM15m-DM16m on deposit in Mr Kopper's bank. They are also buying German government bonds extensively and opening new accounts with Deutsche Bank at the rate of 5,000-6,000 a day.

Banging the drum for East Germany Mr Kopper suggested that it could offer a cheap entrée into the European market for US and Japanese companies.

Although Deutsche Bank is often regarded as the flagship of German capitalism, Mr Kopper, who was in Washington for the IMF and World Bank annual meeting, came out against unbridled competition in the former communist countries of eastern Europe.

With a bitter laugh, he accused those western politicians who have urged eastern Europe to unleash the rigour of the free market on its agriculture and infrastructure development of prescribing water when they drink wine.

He also put in a special plea to western governments to ease Poland's official debt burden and pledged Deutschebank would do its bit to assist any such effort.

■ Members of the UK delegation to the IMF World Bank annual meeting did a double take the other day when they saw the front page of the New York Times.

There, in bold letters, was the headline, "Chancellor Planning to Distribute Condoms in New York's schools." However, this was no special export promotion effort by Mr John Major. It was New York's school chancellor Joseph A Fernandez taking steps to deal with the problem of unwanted teenaged pregnancies.

Brazil to offer plan to creditors

BRAZIL'S central bank president, Mr Ibrahim Eris, said yesterday that Brazil would offer a long-term private sector debt repayment plan to its creditors on October 10, AP-DJ reports from New York.

Mr Eris said that discussions with the International Monetary Fund revealed that Brazil's present payment ability is short of what is needed, but that the capacity is expected to increase as the economy improves.

Speaking at a seminar on the Brazilian economy in New York, Mr Eris said his country was "looking for quick agreement". He expected there would be debate on counter-proposals from creditors.

Brazil has accumulated substantial arrears in its debt to private banks, which it has been under pressure to repay. Acceptance of a repayment plan would free up monies from the IMF and other agencies. Total foreign debt is $110bn, according to Mr Eris.

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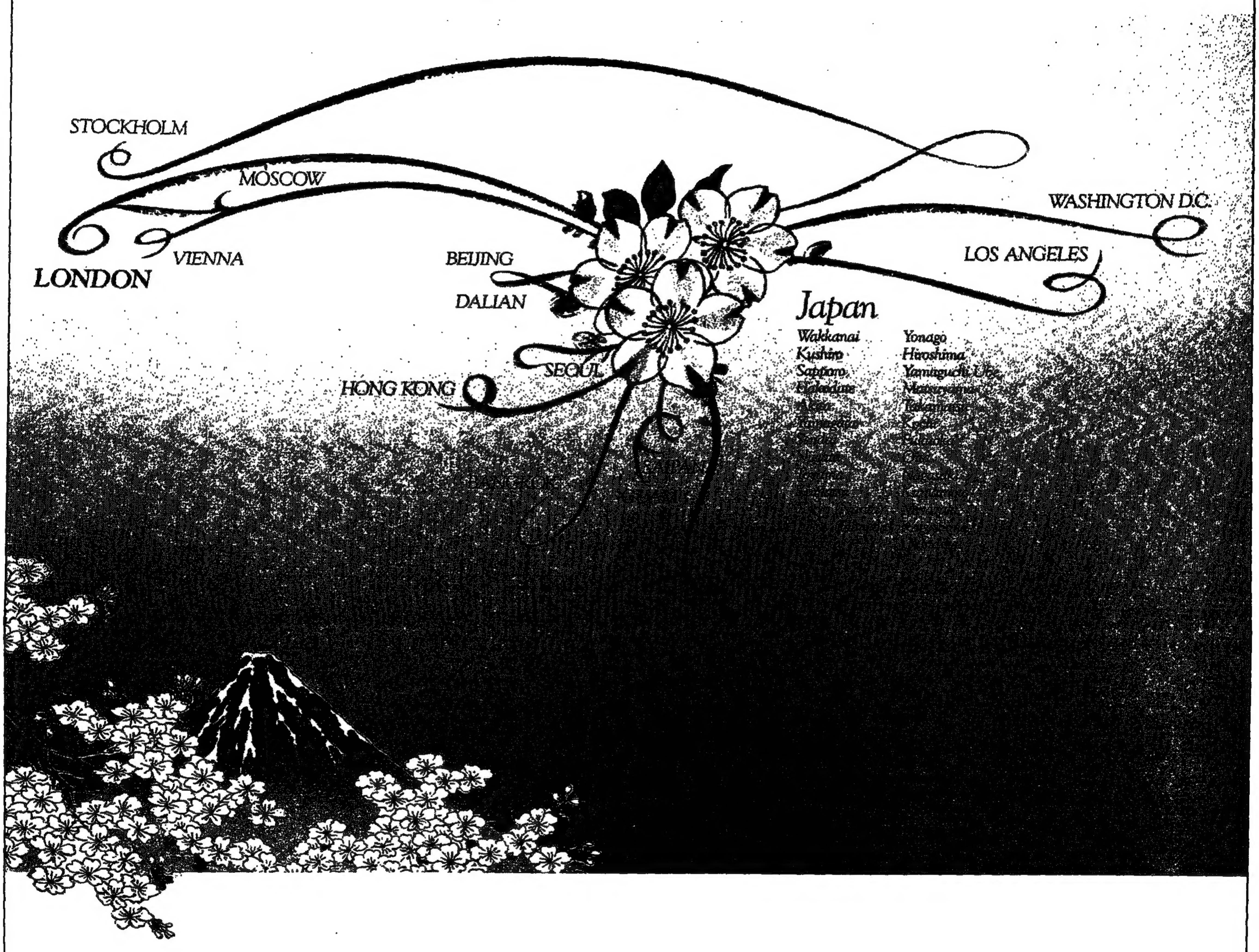

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EC experts urge improved rights for 8m immigrants

By Lucy Kellaway in Brussels

A LIST of fundamental social rights for the 8m immigrants living in the EC should be drawn up as a means of facilitating their integration into the Community, according to a report prepared for the European Commission by a group of experts.

The report, which would serve as a first step towards bringing the policies of member states closer together, spells out what rights immigrants should be entitled to. These include housing, equal opportunities at work, education, social security and eventual access to the nationality of their host country.

However, the report falls short of demanding that immigrants from third countries should automatically be given the same treatment as EC citizens.

Instead the report says that legal and administrative restrictions should be changed gradually, with a view eventually to putting immigrants on an equal footing with community nationals. Even this cautious approach is likely to be controversial. Northern member states are more than reluctant to welcome immigrants now living in other member states.

Member states have agreed on the need to adopt a common stance towards immigration before the single market deadline in 1992. The question of the social treatment of immigrants in the Community is one half of an urgent policy review called by heads of government in Strasbourg last December. The other, and more difficult half, concerns the conditions under which member states admit immigrants.

Immigration into the Community is bound to continue to grow by demographic forces alone. In 10 years the Community's population will have increased by nearly 2m, while the population of countries on the other side of the Mediterranean will have increased by 180m.

The report warns that the Community has no option but to integrate immigrants into its Community, as forced, or voluntary repatriation are not solutions to the problem. It warns of serious consequences if policies are not improved and brought more closely together. It is not only undesirable, but also dangerous to have large groups of second-class marginalised immigrants living apart from local people, the report says.

A special plea is made for an improvement of relations with Islamic immigrants who account for two-thirds of all EC immigrants. Relations have suffered because of a rise in Islamic fundamentalism.

■ Sweden is heading towards a net drop in its growth rate for the first time since the Great Depression of the 1930's and a record level unemployment since the post-war period, according to a forecast yesterday by Handelsbanken, the country's leading bank, **Robert Taylor writes from Stockholm.**

The gloomy forecast said that Sweden's gross national product would decline by 0.5 per cent, official unemployment would climb to 3.5 per cent and the balance of payments deficit would rise.

Italy chases budgetary credibility for 1992

Rome's politicians face up to a test of their strength and depth, **John Wyles writes**

ITALY embarks today on a special test of its credibility as a vanguard supporter of economic and monetary union, with the launch of a 1991 budget designed to demonstrate that Italian budget deficits and inflation can be brought closer to European Community averages.

It is just such convergence that the West German Bundesbank president, Mr Karl Otto Pöhl and the British Chancellor, Mr John Major, among others have been noisily demanding as a prerequisite for striding further down the path to EMU. Italy is by no means the only EC member which is seriously out of line with its partners, but it is the only serious "non-converger" among the hard core of member states anxious to make rapid progress towards full EMU.

Anxious to be seen as full-hearted penitents, Mr Giulio Andreotti, the prime minister and his economics ministers led by Mr Guido Carli at the Treasury, are nonetheless boxed into a difficult corner. The political cowardice, which in past years has inhibited any structural reforms to curb runaway spending on health and welfare and to widen the tax base, leaves the government with little choice but to adopt a budget today which leans heavily on raising public charges and both direct and indirect taxes.

Their inflationary impact at a time of rising oil prices will put out of reach medium-term objectives, adopted in May, of reducing consumer prices from the current 6.3 per cent to 4.5 per cent next year.

Price pressures may subsequently be sharpened by the unfortunate degree of indexation in Italy which inflates both pay packets and pensions. Mr Carli would like to sterilise the price index from the effects of both higher oil prices and higher government charges, but this will mean braving a row with the trade unions.

Many doubt that the Andreotti government has the courage or the strength for such a conflict. Many deputies believe there will be general elections next June after a government crisis in the spring, and they will be reluctant to rally behind any measures which upset key groups.

Nevertheless, the council of ministers will seek to put itself on the side of the angels with proposals which would appear to endorse Italy's quote of the year – "the party's over" – from the much quoted Gianni Agnelli of Fiat.

Through spending cuts of L20,000bn (£9bn), revenue increases of L20,000bn and the sale of L5,600bn of public assets, the government hopes to hold the deficit down to L135,000bn, or around 9.5 per cent of gross domestic product, after a deficit of around 10.7 per cent *this year*. *Crucially*, it believes it can achieve a small surplus on current spending net of debt interest charges which may convince the markets that a dam is at last being built against the rising of public debt, now standing at 101 per cent of GDP.

This in turn should help bring Italian interest rates down towards European averages, and with them the cost of debt servicing which has reached 9.86 per cent of GDP and represents more than 96 per cent of this year's deficit.

The dimension of the budgetary correction needed in 1991 – nearly L50,000bn – vividly reflects the wasted opportunities of the recent past and, in the absence of proper reforms, *the magnitude of the task for* future years.

The correction is more than double last year's record which, itself, had to be supplemented by a summer correction of L20,000bn. Today's budget will raise tax pressure to around 39 per cent, close to the European average at a time when the economy is slowing from a growth rate of around 2.9 per cent this year to the 2.3-2.6 per cent range forecast for 1991.

However, the government would wish to point out that in three years the primary deficit net of interest will have moved from L34,871bn in 1988 to a small surplus next year. This can be consolidated, ministers say, if parliament eventually adopts proposals which would cap central government health service spending, leaving the regions with the responsibility to raise extra monies.

They will also stress tomorrow that the rise in pension costs should be slowed by a provision which will allow working men to remain in employment until the age of 62.

There must be some worries *that lower* than projected growth, higher than projected inflation and significantly higher than forecast domestic and international interest rates, will yet put the 1993 objective beyond reach.

Italy might well be stuck in that category of economically anomalous EC countries whose existence can be exploited to slow up moves towards EMU.

Italy's first ever anti-trust law completed its long parliamentary journey when it was finally approved by a Senate committee yesterday, John Wyles writes. The law, which is meant to complement the European Community legislation which has recently come into force, seeks to regulate abuses of dominant market positions, mergers between companies of combined sales above L500bn (£226.3m), and to impose strict limits on the ownership of banks by industrial companies.

VW goes ahead with E German expansion

By Kevin Done, Motor Industry Correspondent

VOLKSWAGEN, the biggest European car maker, is pressing ahead with its ambitious plans to invest up to DM5bn (£1.60bn) in East Germany in new automotive operations, including the construction of a 250,000 cars a year assembly plant and expansion of an existing engine plant.

It has begun construction of a car plant at Mosel, near Zwickau, close to the existing East German Trabant car plant.

Capital investment in the plant is expected to total around DM3bn ($1.9bn) including the construction of metal stamping facilities, bodyshell assembly, paint shop and final assembly operations.

Production is scheduled to begin in 1994 with a maximum capacity set at 1,200 cars a day, or 250,000 cars a year from two or three shift operation.

VW said that it plans to build its range of Golf small family cars at the plant. It is expected that a new generation Golf range will be launched in late 1991 or early 1992.

The company said that it planned to set up a new subsidiary for the construction and start-up of the Mosel plant.

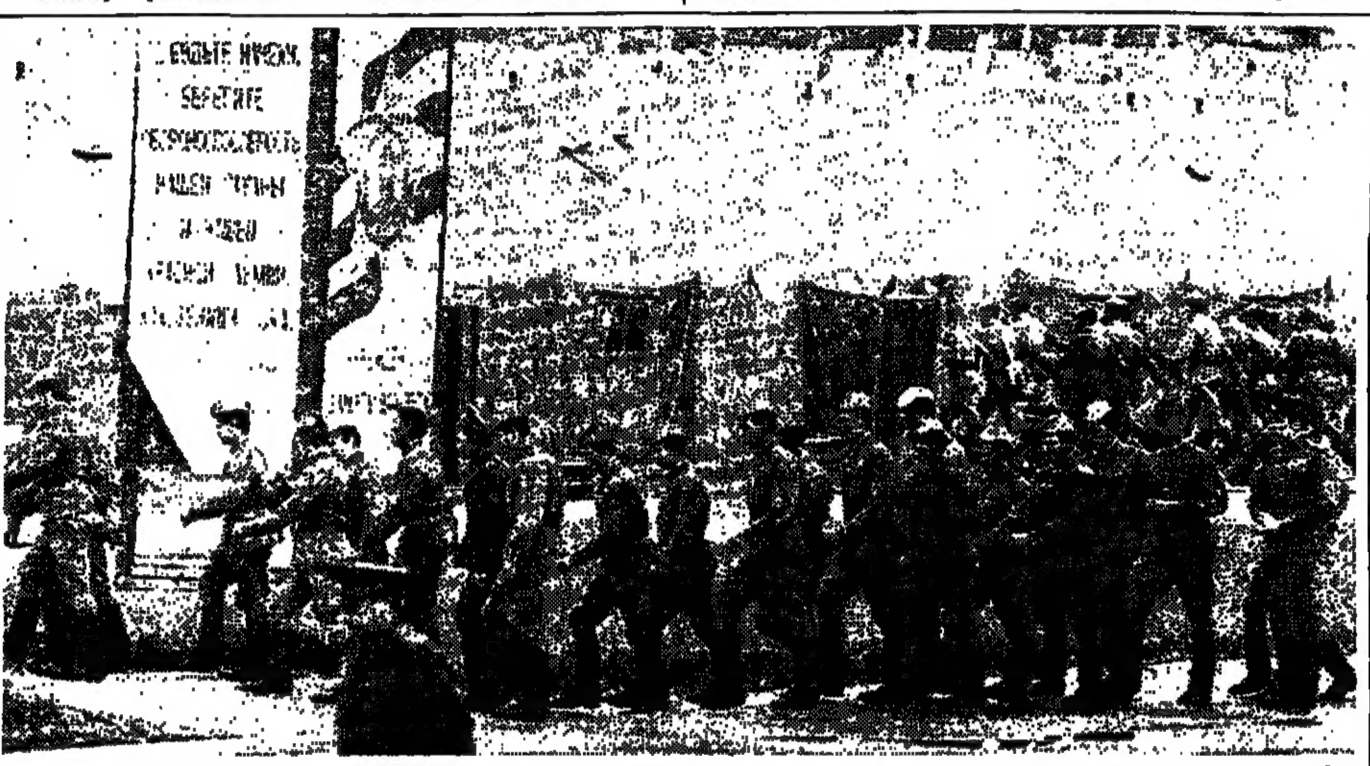
In addition it is planning to invest DM570m ($363m) in modernising and extending the East German engine plant at Chemnitz, which has been building VW engines under licence.

The plant will have a capacity to produce 420,000 engines a year from 1993.

Further substantial investment will be made in East Germany in the supply industry, in sales, the establishment of a training institute, in extensive software activities, and other development projects which are expected to bring the total investment to close to DM5bn.

The Mosel car plant is expected to have a total workforce of 6,800 when it reaches full capacity, while a further 1,200 will be employed at Chemnitz.

The first small-scale SKD (semi-knocked down) assembly of VW cars in East Germany began in May with the Polo, and output is scheduled to rise to 100 a day by mid-1991.



Soviet troops camped on the outskirts of Moscow yesterday. Officials again dismissed rumours that their deployment was linked to plans for a coup, repeating that they are helping in the harvest and rehearsing for the November 7 Revolution Day parade.

Serbia tightens hold on Kosovo

By Laura Silber in Belgrade

THE Yugoslav republic of Serbia today promulgates a new constitution which will bring the provinces of Kosovo and Vojvodina under direct control of the republic. But celebrations planned to promulgate the constitution will not be shared by the ethnic Albanians in Kosovo.

Serbia's ruling Socialist (formerly communist) party, say the new constitution is necessary for holding multi-party elections. But its adoption marks the culmination of efforts begun three years ago by the republic's president, Mr Slobadan Milosevic, to strip Kosovo of its autonomy in favour of Serbia.

In Serbia's view, the new constitution will prevent Kosovo from seceding - first from the republic and then from Yugoslavia to join neighbouring Albania. Ethnic Albanians make up 90 per cent, or 1.8m, of the population.

The process means that political and judicial power will be centralised in Belgrade. In reality, Kosovo's say in the running of the province will be minimal.

This was confirmed last July when Serbian authorities dissolved Kosovo's parliament after 114 Albanian parliamentary deputies declared the province's independence from Serbia.

Since then:

● Four parliamentary deputies were arrested following Serbia's condemnation of the declaration of independence.

● The Serbian authorities last week ordered the arrest of several former Kosovo deputies and local government officials. In the meantime, the majority of the ethnic Albanian politicians have fled, either abroad or to the western republics of Croatia and Slovenia.

More than 60 ethnic Albanians have been killed since March 1989 in protest against Serbian rule.

Mr Aleksander Prlja, Serbian Secretary for Foreign Relations, said 3,500 Albanians had been dismissed from their jobs since May. Kosovo opposition leaders estimate the figure to be *50,000-70,000* workers and professionals.

The sackings have included Albanian doctors and nurses in Kosovo's hospitals.

Education has also been hard hit by the polarisation between the ethnic Albanians and the small Serb and Montenegrin minorities. For example, Albanian and Serbian students attend schools at different times.

Mr Veton Surroi, an Albanian opposition leader, says the number of Serbs permitted to matriculate is 150 per cent higher than last year. But the authorities did not increase Albanian matriculation.

Although the Serbian authorities say the new constitution empowers Kosovo's Albanians with full cultural autonomy, the only Albanian language daily has been banned.

Hungary's conservatives head for poll win

By Nicholas Denton in Budapest

HUNGARY'S conservative government faces its first electoral test this weekend when voters go to the polls to choose powerful new local councils and so destroy the last vestiges of the Communist Party state.

The indications are that the governing coalition has lost little support since the spring general elections; the local election results are likely to confirm the dominance of the Hungarian Democratic Forum.

Popular support for the coalition runs at 45 per cent, slightly up on the general election, according to a recent poll conducted by the Hungarian Institute for Public Opinion Research. The Forum stands at 29 per cent, up 5 per cent. More importantly, the Forum's troublesome coalition partner, the Independent Smallholders Party, has slipped.

A poor performance will weaken the Smallholders' ability to hinder privatisation by insisting on its one platform: the return of property confiscated by the former regime.

In the opposition too, the *balance of power is likely* to shift. Fidesz, a radical party whose leaders are all in their twenties, has capitalised on the impatience for change with a stylish election campaign which has caught the popular imagination. And in the polls, it has surged past fellow liberals, the Alliance of Free Democrats.

But the implications of the results for national politics, while illuminating, will be muddied by a low turnout, a formidably complicated electoral system and the high number of independent candidates.

However, the local elections are important in their own right. First, they will purge local government of the communist-appointed officials who the government accuses of undermining its measures. Moreover, the government has boosted the powers of local councils and plans to transfer much state property to them.

Sunday's voting is particularly significant because it concludes a year of constant campaigning which has preoccupied politicians and paralysed the administration. Ministers privately cite the *proximity of local elections in* defence of the government's reluctance in the last four months to take painful and necessary economic decisions, and for the vagueness of the three-year programme it launched belatedly this week.

The government promises to boost the private sector to 30-35 per cent of GDP by initiating the privatisation of 20-25 state-owned companies every three or four months; and to cut subsidies by at least Ft50bn (£43m) next year. But in many respects the programme is less specific than that elaborated by the government when it took office. Commitments to bankrupt insolvent companies and reduce inflation have been watered down.

Furthermore, the government has put back the announcement of a detailed programme another four to six months. Opposition politicians blame divisions in the government rather than the local elections for delay and indecision.

The programme's lack of substance was due to "the incapacity of the government to get a consensus", said Mr Janos Kis, president of the Free Democrats.

"I don't see any reason to expect change except for increasing pressure from tremendous economic difficulties."

The Soviet Union has indicated that it will supply only 240,000 tonnes of oil to Hungary in September, instead of the 296,000 promised, according to the Hungarian National Oil and Gas Trust, Nicholas Denton writes. Supplies through the Friendship Pipeline were recently halted without explanation for six days and have now stopped again for the rest of the month.

This week's decision by the Soviet Union compounds a general 30 per cent cut in supplies to Eastern Europe in August and a further unilateral cut earlier this month. Deliveries to Hungary are now running at a level less than half that envisaged in the 1990 bilateral trade agreement.

Hungary will have to spend between $150m (£79.7m) and $200m this year on oil purchases on the world market to make up for a predicted 1m tonne shortfall. This is an unpleasant foretaste of next year; from next January trade with Moscow moves to world market prices. The changeover, at oil prices of $40 a barrel, will set back Hungarian GDP by 1 per cent in 1991.

Poland moves closer to privatisation

By Christopher Bobinski in Warsaw

THE Polish authorities yesterday took the first concrete steps towards privatisation when government officials began the process of transforming six state enterprises into state-owned joint stock companies.

The companies, which include the Prochnik textile works from Lodz, Exbud, an exporter of construction services, and the Silesian Cable Works, will have their shares sold on the open market as well as to management, employees and foreign buyers during the second phase.

A seventh company to be privatised, a meat works from Inowroclaw, was yesterday turned into a limited liability company.

Mr Waldemar Kuczynski, the newly appointed privatisation minister, yesterday told managers the process marked the beginning "of a major transfor*mation of the Polish economy.*"

The first shares of the present batch of companies are expected to go on sale in November.

German concern over bottom line of redrawn borders

By David Goodhart in East Berlin

IS the cost of German reunification running out of control? While attention has focused on the economic consequences of the Gulf, the unofficial estimates of German public sector borrowing in 1990 and 1991 have almost doubled.

Mr Theo Waigel, Bonn's finance minister, will today present to the Cabinet his third additional budget of the year to cover an extra DM20bn (£6.7bn) mainly arising from higher than expected welfare costs in East Germany. On top of the DM60bn borrowing already planned and the DM20bn from the German Unity Fund the public sector deficit for the year will be at least DM100bn.

Chancellor Helmut Kohl has promised a long-range estimate of costs in November but already the financial markets forecast an all-German public sector deficit in 1991 of close to DM150bn, about five per cent of GNP, which compares with a virtually balanced budget in 1989.

According to Professor Norbert Walther, of the Deutsche Bank, such sums are more than covered by domestic savings. Nevertheless they will reduce the availability of German savings elsewhere and act as a further upward pressure on world interest rates.

The markets remain relatively calm about a unity borrowing requirement of perhaps DM100bn a year for the next four to five years, and when German long-term interest rates rose back to 9 per cent in August, in response to the Gulf, it was only in line with other countries.

Mr Waigel has promised to set the deficit on the downward course after 1991.

Even cutting subsidies to West Berlin and the regions along the old inner-German border is currently proving difficult. Mr Waigel is a Bavarian and has thus refrained from striking the border subsidies, of particular benefit to Bavarians. Instead he is trying to force Berlin to cut its subsidies quicker than planned, but the Prussians are resisting.

In the short term it may be simpler to raise taxes. The government is backing off from its original opposition to the idea despite the hostility of the Liberal Free Democrats, and many economists, who argue a rise would not produce more revenue. An increase in sales tax is likely to be preferred to the Social Democrats' idea of a 9 per cent levy on the higher paid. Where are the extra costs of unity coming from? Mainly from:

THE CHALLENGE OF UNITY

■ Higher than expected unemployment and short-time working in East Germany, now affecting 1.8m.

■ Bonn also has to cover large shortfalls in pension and health contributions and total welfare payments will probably hit DM18bn this year and DM26bn next.

■ Local government in East Germany requires more money than planned. The local communes will receive a DM10bn loan and the states, which come into existence next month, will need more than that.

■ The costs of honouring East Germany's trade contracts with Eastern Europe is likely to cost DM6bn rather than DM2bn.

■ Money for education and infrastructure is also rising and may have to include closure costs for East German nuclear plants.

Some of the larger infrastructure costs, such as the DM55bn raised by the Bundespost, do not appear in the deficit calculations. Also excluded is the unpaid credit and restructuring money paid out by the Treuhand, the body privatising East German industry.

An even bigger sum, over DM100bn, was required to plug the hole in the East German banking system caused by the D-mark conversion.

The Finance Ministry is hoping that the interest costs on the latter transaction, which do appear in the deficit, will be covered by Bundesbank profits but those may now be evaporating.

Much remains uncertain. How long the East German economy will be dependent on grants for about half its GNP depends on how quickly it takes off.

Goodman collapse grows as an issue in Dublin and EC

Kieran Cooke on the latest political fall-out from what is seen as Ireland's worst business débâcle

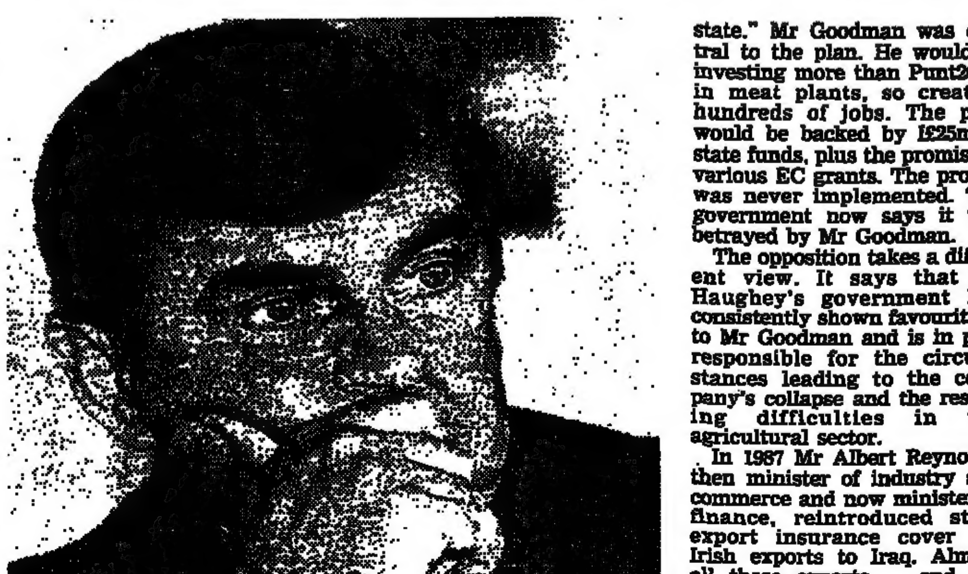
IT'S BEING described as the biggest business débâcle in the history of the Irish state. But the collapse of Goodman International, Ireland and Europe's largest beef processing and exporting company, has also become a big political issue in Ireland. It is an issue which also threatens to envelop the EC Commission.

Late last month it became known that Goodman International, the privately held company controlled by the Irish millionaire businessman, Mr Larry Goodman, was insolvent with bank debts of more than I£450m (£412m).

The news caused shock waves among the more than 30 banks involved.

Only further emergency bank funding has allowed what is one of Ireland's largest companies to remain in operation, for the time being at least.

What is causing Irish opposition politicians to leap up and down are the alleged links between Mr Goodman's company and the ruling Fianna Fail government headed by Mr Charles Haughey. Mr Haughey and Fianna Fail came to power in early 1987, having ousted the coalition Fine Gael/Labour government headed by Mr Garret Fitzgerald. Soon afterwards, Mr Haughey announced a plan to transform Ireland's vitally important beef industry. Mr Haughey described the plan as "the single most important investment project by an indigenous industry in Ireland since the foundation of the state." Mr Goodman was central to the plan. He would be investing more than Punt260m in meat plants, so creating hundreds of jobs. The plan would be backed by I£25m of state funds, plus the promise of various EC grants. The project was never implemented. The government now says it was betrayed by Mr Goodman.



MacSharry: allegedly met Dutch minister on Goodman's behalf

The opposition takes a different view. It says that Mr Haughey's government has consistently shown favouritism to Mr Goodman and is in part responsible for the circumstances leading to the company's collapse and the resulting difficulties in the agricultural sector.

In 1987 Mr Albert Reynolds, then minister of industry and commerce and now minister of finance, reintroduced state export insurance cover for Irish exports to Iraq. Almost all these exports – and the lion's share of the total amount of such cover available – was accounted for by Goodman International.

Early last year the government withdrew cover for exports to Iraq. Subsequently it also made void cover on certain earlier beef exports to Iraq due to the discovery of "statistical discrepancies".

Figures released by Goodman International show that Iraq now owes the company more than I£180m. Over the past year frequent allegations have been made in the Irish parliament about alleged business irregularities in the Goodman organisation.

But with the collapse of the Goodman empire a new round of mud slinging has begun. In particular, the opposition has alleged that Mr Goodman was able to call on government backing in order to raise loans from the international financial community. The opposition says that in some parts of the Middle East Irish diplomats were forced into being virtual agents of Goodman.

After the news of Mr Goodman's debts became known the Irish Parliament, for the first time in several years, was recalled from its summer recess to pass emergency legislation offering temporary protection to "troubled" companies such as Goodman International. Mr Dick Spring, leader of the opposition Labour party, said the measure was clearly aimed at protecting rich people from their bankers. "We have been exposed . . . as an economy willing to tolerate cowboys," said Mr Spring.

The latest twist in the saga concerns Mr Ray MacSharry, who was, until departing for Brussels and the job of EC agriculture commissioner, Irish minister of finance. Mr MacSharry has made no secret of his high regard for Mr Goodman. "The EC needs more Larry Goodmans," Mr MacSharry said recently. Mr Gerrit Braks, till recently Dutch minister of agriculture, says that Mr MacSharry last month made representations to him on behalf of Goodman International.

Amro, a Dutch bank owed more than I£30m by Mr Goodman, said in a Dublin court last week that it had held off taking action to have Goodman International closed down "following representations from a Dutch minister for agriculture".

Mr MacSharry has said that in the course of his Community business he meets "as *many individuals and groups* as possible with the interests of helping them whenever possible".

INTERNATIONAL NEWS

EC leads protests to Burma over human rights

By Paul Taylor, Asia Business Correspondent, in Bangkok

THE 12 EC members and six other nations have protested formally to Burma's military regime about the arrest of leading members of the National League for Democracy and continued human rights violations.

The oral protest was delivered a week ago by Mr Giorgio Basco, the Italian ambassador to Rangoon (the Burmese capital), on behalf of the EC. The US, Australia, New Zealand, Canada, Sweden and Japan joined the protest, which marks a sharp escalation in the diplomatic war of words between Rangoon and western nations.

The protest is the strongest sign yet of growing western diplomatic impatience with the ruling State Law and Order Restoration Council (SLORC). In May the National League for Democracy won 80 per cent of the vote in Burma's first multi-party elections in 30 years.

A diplomat based in Rangoon said the wide-ranging protest, followed up by individual country protests, also covered "the continuing trend away from democracy", the arrest and harassment of three locally recruited western embassy staff in breach of Vienna agreements and "armed incursions" into the West German and other embassies.

While it remains difficult to determine how many NLD members and others opposed to the regime have been arrested, there appears to have been a widespread clampdown by the increasingly desperate military authorities.

Ms Aung San Sun Kyi, the NLD general secretary, remains detained and there are reports of harassment and arrests of students, their parents and teachers.

Hong Kong corruption trial hears evidence from Li

By Angus Foster in Hong Kong.

MR RONALD LI, former chairman of the Hong Kong stock exchange, yesterday took the witness stand in his defence against corruption charges. He looked relaxed and spoke in Chinese when replying to questions from his counsel, Mr John Lloyd-Eley QC. Mr Li kept his fingers crossed throughout the examination.

Mr Lloyd-Eley portrayed Mr Li as a successful businessman who also performed public works and is an active Christian.

Mr Li told the court that in the year ending in March he had donated HK$2m (£137,000) to establish a new Anglican church and had since given a further HK$1m. Mr Li was a director of Hong Kong's Community Chest, a leading charities, for six years. He stood on several advisory committees and is a JP.

Mr Li said that in 1969 he and other associates founded the Far East Stock Exchange in Hong Kong because the existing exchange was "restricted to a small number of people".

Within six months the new exchange had overtaken the existing exchange in terms of volume; by the early 1980s

Li: charity director

daily volume had reached between HK$100m and HK$200m. Mr Li was later one of the leading figures in the 1986 unification of Hong Kong's four exchanges.

Mr Li has pleaded not guilty to two charges of accepting shares in Cathay Pacific Airways and Novel Enterprises, a garment manufacturer, as a reward for helping or not delaying the listing of the two companies in 1986 and 1987 respectively.

Before Mr Li took the stand, the court heard a tape recording of a meeting following the 1987 markets' crash, when the Hong Kong exchange was shut for four days. Mr Li and other senior members of the exchange met with Mr Robert Fell, a former chairman of the London stock exchange brought to Hong Kong following the crash.

During the meeting, the question of allotment of shares to exchange members was raised. The court heard Mr Li say to Mr Fell: "But none of us sitting around this table would be able to get any allotment as such. This is a proven fact."

The court has heard Mr Li asked for and was given allotments of shares in the two companies by merchant bankers advising on the issues. Mr Li made profits of more than HK$850,000 on the transactions. An earlier part of the tape was not mentioned after another witness disputed it was Mr Li talking.

Mr Lloyd-Eley, when cross examining Mr Fell, suggested Mr Li's English was poor and gave examples of Mr Li using words wrongly on the tape. But Mr Fell said that while English was obviously not Mr Li's preferred language, he spoke it well enough to communicate. The case continues.

Japan's aid agency at centre stage

Ian Rodger reports on the Overseas Economic Co-operation Fund

NOW THAT the Japanese government has committed itself to $2bn in financial aid to countries hurt by the Gulf crisis, a little known organisation called the Overseas Economic Co-operation Fund (OECF) will move centre stage.

The OECF is the Japanese Government's office for distributing loans at subsidised interest rates (soft loans) to developing countries. And in the past few years, as Japan has become the world's largest supplier of financial aid to the third world, the fund too has become very large.

Last year, it accounted for 44 per cent of the total $8.9bn Japanese aid effort. That was enough to rank it second only to the World Bank as a supplier of aid funds. It alone provided more aid money than the UK or Italy.

"Its scope is much wider than I thought," says Mr Akira Nishigaki, a former vice minister of finance who became the fund's chairman in May.

However, the OECF's main point of pride is that it carries out its mission with a remarkably small staff. Its outstanding loans of $34.6bn at the end of last year were handled by a staff of 267, whereas the World Bank, which had total loans of $114.5bn, supports 6,600 employees.

The comparison is not totally fair because the World Bank staff is obliged to examine any project submitted by a member country, while the OECF takes orders only from the Japanese Government.

"It is not a good thing to criticise other organisations," Mr Nishigaki says. "But we can say that we are trying to do the best we can with a small number of people, although you may find some areas where we are not as good as we should be."

The OECF was set up in 1961 to provide capital for Japanese companies interested in carrying out large scale resource development projects, such as aluminium smelters and pulp mills, in south east Asia.

In 1966, it ceded the business of commercial lending to the Export Import Bank of Japan, and assumed its present speciality, that of making soft loans to governments of developing countries.

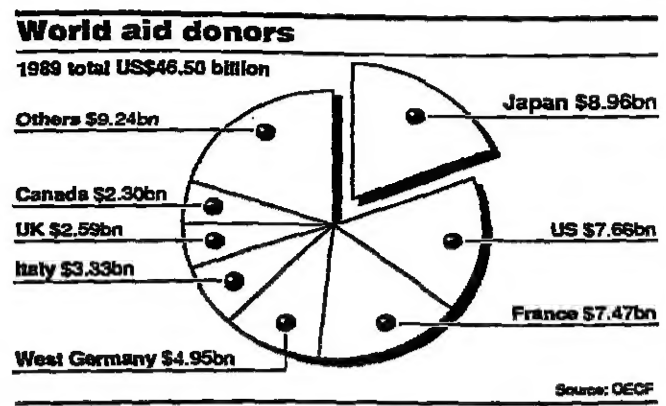
The OECF gets all its funds from the government. It borrows at commercial rates from the Ministry of Finance's Trust Fund bureau and uses annual budgetary grants to cover the discrepancy between what it pays for these funds and the soft 1 to 4 per cent rates at which it lends them.

At the outset, all of the OECF's loans were tied – that is, recipients were forced to use the money to buy Japanese goods and services. But the proportion of tied loans gradually fell as Japan's economy grew, and criticism of this export-boosting activity intensified.

By 1980, only a tenth of loans were still tied, and last year none were tied. Moreover, only 14 per cent of the total was in the so called LDC untied category, which means that the recipient can use the money either in Japan or in any developing country.

Despite losing their advantage, Japanese companies compete keenly for contracts in developing countries, and they won 38 per cent of the business arising from OECF loans last year, Mr Nishigaki says, while 41 per cent went to developing countries and 21 per cent to companies in other developed countries.

The other significant evolution of the fund's activity has been a widening of the geographical spread of its lending.



Up to last year, more than 80 per cent of OECF lending went to Asian countries, but loans to South American and African countries have been growing. The OECF claims to lend to 70 countries.

Mr Nishigaki says that because of its lack of experience in many areas outside south east Asia, the fund prefers to enter co-financing deals with the World Bank or other international institutions, rather than lend on its own.

He is cautious about the OECF's plans for lending to countries affected by the Gulf crisis. The Japanese Government decided that $600m should be used for emergency commodity loans by the OECF to these countries. "Specific details on allocation have not yet been decided, but we want to see this done as soon as possible," he says.

A further $1.4bn will be allocated after discussions with the countries on their needs. It is not yet clear how much will be channeled through the OECF and how much will be distributed as outright grants by other agencies.

Mr Nishigaki is also cautious about the problem of lending to Egypt, which is in arrears on previous loans from the OECF. Under international rules, arrears must be cleared before new aid can be given. "This kind of situation has to be solved through Egypt's efforts in some way," he says.

Whatever happens, the $2bn package will put a big additional burden on the OECF's small staff. Mr Nishigaki admits he is slightly worried. "I just hope no one goes down ill," he says.

Industrial production up 0.3% in August

By Robert Thomson in Tokyo

JAPAN'S industrial output in August rose 0.3 per cent from July, as strong domestic demand continued to fuel growth, despite the influence of the Kuwait crisis.

Figures released by the Ministry of International Trade and Industry showed that the seasonally-adjusted production index stood at 127.4, against the base of 100 for 1985. The shipment index rose 0.6 per cent during the month to 128.8.

The ministry forecast a 1.1 per cent fall in the index for September, but a 4.8 per cent rise in October, with consumer demand and corporate capital expenditure expected to remain strong in coming months.

In August, transport machinery output showed a 7.1 per cent increase, oil and coal production was up 5.4 per cent, while pulp and paper output rose 2.3 per cent.

Much of the increase in transport machinery output was because of expanding sales of cars, with car registrations rising 19.9 per cent from the same month last year.

Ms Chiharu Sumita, of UBS Phillips & Drew, said that the figures are "a sign that there is still very good growth and that GNP growth for the calendar year could be 6 per cent."

Indian riot police disperse demonstrators in New Delhi yesterday

Student rioters refuse to meet Singh as disturbances continue

By David Housego in New Delhi

AN APPEAL by Mr V.P. Singh, the prime minister, for talks with students over job reservation fell on deaf ears yesterday, as rioting continued across North India with five killed and many injured.

In Varanasi, a Hindu religious centre in the east, a student set himself on fire in protest at the government's plan to increase the quota of jobs reserved for lower castes. In Delhi, shops were looted and burnt and road and rail traffic blocked in many districts. Violent clashes continued between police and demonstrators.

In the neighbouring province of Haryana an entire passenger train was set on fire. Eleven towns in Haryana and nine in the Punjab have been placed under curfew.

The anti-Mandal Commission Forum – the main student organisation fighting the government's job reservation programme – yesterday refused the prime minister's televised offer of talks with the government. It said there could be no talks until the government unconditionally withdrew the measure.

Mr A.B. Vajpayee, leader of the Hindu radical BJP party, called on the government to postpone implementation of the measure, saying that this was the least the government could do to defuse the violence. Mr Singh's National Front coalition is dependent for the BJP for support in parliament.

On Monday, however, Mr V.P. Singh is expected to come under heavy attack in parliament, which meets briefly to amend the constitution to permit a further extension of the President's rule in the Punjab.

The government lacks a sufficient majority in both houses to carry this through on its own.

It has thus warned the other major parties – who are opposed to holding immediate state assembly elections in the Punjab – that these will go ahead if there is no accord over a Constitutional amendment.

Kenyan leader threatens critics with detention

PRESIDENT Daniel arap Moi threatened yesterday to detain unspecified opponents of his one-party rule, while a London-based human rights group claimed Kenya may have renewed political trials, AP reports from Nairobi.

The group, Africa Watch, also claimed that more than 100 people were killed during anti-government riots in July, or more than five times the official tally.

"How long am I going to tolerate these people?" Moi said yesterday in a town near the Uganda border. "I will collect all of them so that they can cool off somewhere."

Kenyan law permits indefinite detention without trial or charge of individuals the government considers a security threat. Mr Moi also accused the head of the national teachers union for seeking "chaos" by threatening a nationwide teachers strike over service conditions.

Party endorses Kaunda's multi-party poll proposal

By Mike Hall in Lusaka

ZAMBIA'S ruling party, Unip, yesterday endorsed proposals by President Kenneth Kaunda to hold multi-party elections next year with Mr Kaunda as the sole presidential candidate.

The 600-strong Unip National Council also welcomed proposals by a special parliamentary select committee to democratise the party and produce a "new-look Unip".

Mr Kaunda urged the party faithful to go out and campaign. "Tighten up the net and leave no openings at all for anyone," he said.

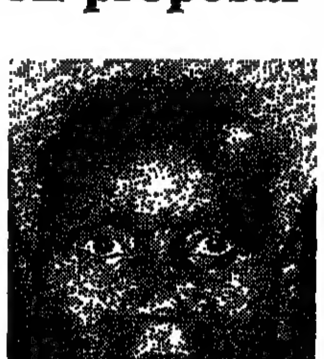
Mr Kaunda warned he would not let Zambia slide into anarchy. "Those tempted to exploit the transition to incite others into anarchy will be stopped, and stopped firmly," he said. He added that political reform would not interfere with the economic recovery programme.

Mr Kaunda this week cancelled plans for a referendum on whether to change to a multi-party system, a U-turn which has cast doubts on the legal status of the Movement for Multi-party Democracy (MMD), which has been campaigning since July.

Guidelines for the referendum remain on the statute books and thus allow the MMD to continue to organise and campaign, but it would still be unable under the constitution to form a political party.

Mr Vernon Mwaanga, MMD spokesman, said the movement was ready to form a party to challenge Unip. "We're itching to get into the ring as equal sparring partners," he said.

But senior Unip officials said



Kaunda: 'tighten the net'

yesterday there was nothing for MMD supporters to campaign for and if they formed a political party it would be illegal and they could be arrested.

The MMD argues that the article in the constitution banning opposition parties could be immediately changed without the need for a constitutional commission, which they see as a delaying tactic.

Mr Kaunda said a commission would soon be appointed to seek the views of Zambians on a new constitution which parliament would then have to approve. However, serving members of parliament are all members of Unip elected under the one-party system, so this proposal is unlikely to be agreed upon by the opposition. The MMD is to meet this weekend to agree on its own draft constitution, which is likely to be radically different from President Kaunda's vision.

Kabul airport under attack

ROCKETS fired by mujahideen guerrillas slammed into Kabul's airport early yesterday, one day after an explosion rocked the Afghan capital, Reuter reports from Kabul.

Airport officials said at least 15 rockets had struck by mid-morning. Both the cargo and passenger areas were hit, although the airport was not officially closed.

"They are firing everywhere," one aviation official said.

There is now widespread fear in Kabul that mujahideen rebels are preparing a large-scale assault. Reports have circulated of heavy weapons' supplies reaching mujahideen units in the Kabul area.

On Wednesday, an explosion rocked the capital's diplomatic enclave near the Afghan radio and television stations, sending people running for cover.

Relations soured by suspicion

Robert Graham on ties between Britain and Iran

YESTERDAY'S agreement to restore diplomatic relations between Britain and Iran marks yet another phase in a relationship which has been punctuated both well before and after the Revolution by constant misunderstanding and suspicion.

Iranian attitudes to Britain still remain deeply coloured by a view that the UK since the last century has sought to interfere in Iranian politics and exploit Iran's resources.

Iranians have never forgiven the British for imposing the Pahlavi dynasty after the First World War and for being behind the exploitation of its oil. Britain, and the US, was seen as behind the overthrow of the nationalist leader Mossadegh in 1953 and ensuring the return of the late Shah.

Even after the Revolution in Tehran Britain was credited with having far more influence in the country than Whitehall ever pretended. These suspicions have permanently complicated a rational relationship. Therefore any incident has tended to be magnified and its resolution correspondingly complicated.

Relations were soured under the late Ayatollah Khomeni by the arrest of British businessman Mr Roger Cooper who was alleged to have been a spy. This charge has never been formally brought although he remains in prison and Britain has protested his innocence.

Mr Cooper's imprisonment compounded the difficulty of the British Government in coping with the Iranian government's anger at the publication of Pakistan-born novelist Salman Rushdie's novel "The Satanic Verses."

The fatwa, or death sentence, issued by the Iranian clergy pronouncing a death sentence on Mr Rushdie added a new twist in March 1989.

Although Britain has always recognised the strategic importance of Iran in the Gulf with a population approaching 40m, it has been obliged to pursue a tough line on diplomatic relations so long as these two cases remain outstanding. A precondition of any progress was the resolution of the Cooper case and the removal of the Fatwa on Mr Rushdie.

These issues now appear to have been finessed. Mr Rushdie has issued a statement which presumably was cleared in advance as being acceptable with the Iranian authorities. At the same time the British government will hope to receive assurances of the fate of Mr Cooper.

However, Britain appears to have made concessions to restore diplomatic relations because neither of these issues have been formally resolved. Instead Britain has taken the view that with a will to create a better climate by reopening embassies in each other's capitals, the matter can be tackled rationally. Events in the Gulf have clearly forced this reconciliation, although discreet conversations between the two countries have been going on for some time.

US business in Philippines told to 'hang in'

By Greg Hutchinson in Manila

MR Nicolas Platt, US ambassador to the Philippines, yesterday advised American companies and their employees to "hang in and be careful", following bomb attacks on a number of American companies.

Mr Platt said he had been in touch with Mr Fidel Ramos, the defence secretary, as well as top executives of US multinationals, about security in the wake of the latest bombings.

Bombs this week have hit Colgate, Coca-Cola and Pepsi.

An attempt was also made on the US electronics company Motorola and Japan's Uniden on Tuesday night, a police spokesman said.

The bombs have caused little damage and few casualties, but have contributed to an impression of government powerlessness. Some 35 bombs have exploded in the capital in the past five weeks.

NEWS IN BRIEF

Bhutto faces further charges

A special one-judge court yesterday ordered Ms Benazir Bhutto, the sacked Pakistani Prime Minister, to stand trial on two more corruption charges, in a mounting legal onslaught which may disqualify her from standing in elections scheduled for October 24, AP reports from Karachi.

Judge Wajihuddin Ahmed issued the notice for Ms Bhutto to appear before the tribunal on Sunday, to answer charges of misconduct and abuse of power during her administration.

Meanwhile, Pakistan's interim prime minister said yesterday he did not want his sacked predecessor legally barred from next month's elections because she would try to make political capital from it.

North Koreans talks to Tokyo

NORTH Korea and Japan began their first government-level talks yesterday after 45 years of hostility, and the North Koreans reportedly offered to discuss establishing diplomatic relations, AP reports from Tokyo.

North Korea proposed that the two governments begin talks in November to establish diplomatic relations.

Liberia talks postponed indefinitely

Peace talks due to start today between rival Liberian rebel leaders Charles Taylor and Prince Johnson have been indefinitely postponed, Reuter reports from Freetown. An official of the Economic Community of West African States said that Mr Johnson had agreed to come but there had been no response from Mr Taylor.

Seoul seeks bids for £8bn high-speed rail link

By John Ridding in Seoul

SOUTH KOREA is to invite bids to provide engineering technology and rolling stock for an $8bn (£4.2bn) high-speed railway line by the end of next month, Mr Kim Chang Shik, transportation minister, said yesterday.

The line, from Seoul to the south-western city of Pusan, has been under consideration for several years, but requests for proposals from foreign engineering consortia have been repeatedly postponed. The transportation ministry said the requests were now just awaiting approval from the president's office.

Once the requests are issued, the three foreign consortia competing for the contract – the makers of the French TGV, the German Inter City Express and the Japanese Shinkansen – will have three months to submit their proposals.

According to Mr Kim, the train will have to run at 300km an hour and meet a series of environmental considerations. The state-run Korea National Railways said that the train should also be able to carry 1,000 people and that the government was giving high priority to the transfer of technology from the foreign manufacturers to Korean engineering companies. The foreign consortia will also have to assist in the financing of the project.

Analysts at the Korea Transport Institute said most of the won 5.8 trillion (£4.4bn) project will comprise civil engineering and construction and will be done by Korean companies. Between 10 and 20 per cent of the total budget is expected to go to the successful foreign consortium.

Work on the railway is to start next August and be completed by 1998. The new trains are intended to alleviate the burden on South Korea's overcrowded roads and will complete the 410km Seoul-Pusan journey in less than two hours.

Mr Kim said the demand for transportation in Korea had grown much more quickly than the supply and the existing rail and highway networks had become saturated. The Korean government is also planning a $5bn investment in roads and underground railways to improve the transport infrastructure.

● Western companies led by West Germany's Siemens have returned the lowest tender of $241m for the construction of a light rail route in the Turkish capital, Ankara, reports Jim Bodgener from Ankara. But the municipality's bus and energy utility, EGO, has stressed that the award will not be decided on price alone.

Close behind the Siemens group with a bid of $246m and an alternate price of $299m was Gama and Guris, a Turkish company with Canada's Urban Transport Development Corporation (UTDC). This group is already working on the construction of a metro for Ankara. Also in the Siemens group are West Germany's AEG and Turkish companies Kutlutas and Simko.

Consortia led by Turkey's STFA with France's Alsthom, and Asea Brown Boveri, returned bids respectively of $327m - an alternative - and $368m. The STFA group's conventional price was $246m.

The scheme envisages an 8km line, part underground, surface and elevated, running from Dikimevi through the city centre at Kizilay and then out towards Sogutuzu. Feasibility studies drawn up by the successful consortia will still have to be approved by the government.

Bond may open road for Trafalgar to collect tolls

The UK builder is considering an Indonesian BOT proposal, reports John Murray Brown

TRAFALGAR House, the UK construction group, has come up with a novel scheme to provide private finance for a $350m (£186m) toll road project in Indonesia.

The company is considering finance under a Build Operate and Transfer (BOT) proposal where the contractor recovers costs by running the toll company for the length of the concession before handing back to the state.

The Indonesian government has still to be convinced. The case for BOT is that it involves keener financial disciplines. As a private project, its debts have no direct impact on the public sector balance sheet.

But the problems are immense, securing large-scale private finance for a 25-year investment.

Trafalgar's proposal is for just one of 17 private toll roads whose plans were unveiled in 1986 during a presentation to European construction companies. To date, only one has been completed – the Jakarta North-South road, built by a consortium part-owned by a daughter of President Suharto.

Trafalgar's 28-mile road will cut through tea plantations and over vast ravines, and will provide a vital link between Jakarta, the capital, and the important textile and shoemaking centre of Bandung. The project involves big civil engineering works, including the building of six viaducts, all of which would probably be individual contracts in the UK.

But the main stumbling block has always been financial. With a public debt of some $38bn, the Indonesian government has refused to offer guarantees on any foreign debt the project might incur.

The problem is also in part a generic one. A toll road's revenues are in local currency, unlike those from a resource-based investment, where a bank may be willing to lend in foreign currency against the security of the export revenues. Moreover in the Indonesian market, there is no means of hedging against long-term currency risk.

Any contractor will therefore want to limit offshore exposure while tapping local funds to avoid a currency mismatch – a particularly urgent consideration in a country such as Indonesia which has suffered three devaluations in 15 years.

Trafalgar's solution is a mix of official aid money, trade credits, and local private-sector funds through the launch of an inflation-proof debt instrument on the Jakarta exchange.

The company expects a debt-equity ratio of around 75:25, somewhat less geared than other BOT schemes. The UK Overseas Development Administration has agreed a £16.8m grant under the Aid and Trade Provision, the first time the ATP has been used for a private-sector project.

Mr John Fletcher, director of business development at Trafalgar, describes the government's support as little short of revolutionary.

The grant will provide the equity of Trafalgar's local partner, the state-owned highways authority Jasa Marga – under Indonesian law, the only body allowed to collect tolls.

As for the debt financing, this has as far as possible to match the project's revenues.

Rupiah interest rates remain high, making local bank funding expensive. Furthermore, as a foreign joint venture company, Trafalgar is restricted from borrowing directly from Indonesian banks.

Trafalgar has instead decided to turn to local capital markets, where it hopes to launch a revenue bond. The bond will carry a low initial coupon. After seven years of the concession, bond holders will be entitled to a share of toll revenues. In addition, the bond is inflation-proof, as part of any agreement includes an annual review of toll rates. Officials say the bond is an attractive long-term investment, and calculate the internal rate of return at not less than 20 per cent.

In addition, Trafalgar hopes to agree a formula to adjust toll rates in the event of devaluation. If there is a serious shortfall in the projected revenues from the road, Trafalgar will be able to extend the concession period.

A number of details have still to be ironed out – most notably the question of land purchase, a sensitive issue in any developing country. But if all goes well, Trafalgar could go to the market with the bond next spring.

Chemical industries state Gatt objectives

By William Dullforce in Geneva

THE CHEMICAL industries of Canada, Europe, Japan and the US yesterday set out common objectives for the Uruguay Round trade-liberalising talks and called on governments to mobilise the political will to ensure a successful outcome to the Round.

In a joint statement presented in Geneva by Mr Winfried Meier of the European Chemical Industry Federation (CEFIC), the chemical industry associations of the big trading powers detailed issues which they considered critical to the interests of their member companies in eight of the areas under negotiation.

In order to open up markets and improve trading rules, action was called for on the dispute settlement system of the General Agreement on Tariffs and Trade (Gatt), the anti-dumping code, industrial subsidies and Gatt's safeguard rules, which allow governments to protect industries against sudden surges in imports.

The statement set targets for intellectual property rights, foreign investment and rules to govern the activities of pre-shipment inspection agencies.

But Mr Meier recognised that the chemical companies' objectives would not be reached, if parallel talks on agriculture, services and textiles failed. The chemical industry called for automatic and swift adoption of the findings of dispute panels in the Gatt council. Governments should no longer be able to block approval of a panel report.

Dispute panels should include experts from the industry. Time limits should be set for offending countries to implement rulings. Failure to comply should lead to retaliation "preferably in the same industrial sector".

Chemical companies are not enthusiastic about some of the revisions Japan and other Asian exporting nations seek to introduce to Gatt's anti-dumping code. Proposals to permit dumping during periods of start-up and of cyclical business downturns were "unacceptable." The existing code enabled authorities to address the issue of price leadership adequately.

On the other hand, US and EC demands for stricter rules against circumvention of anti-dumping duties were warranted but the definitions of "components" and "input dumping" under discussion could unjustifiably penalise the chemical industry.

The right to apply safeguard measures selectively, on which the European Commission has been insisting, should be allowed only in exceptional circumstances, only if compensation was paid and under more stringent conditions than those currently suggested in the trade talks.

The industry wanted all existing "grey area" practices, such as voluntary export restraint arrangements, to be identified and phased out under a programme in the Uruguay Round agreement.

Asians lift share of shoe market

By Alice Rawsthorn

THE EUROPEAN footwear industry saw output fall last year against strong competition from emerging Asian industries, according to the European Confederation of the Footwear Industry (ECFI) in Brussels.

Spain and Portugal were the only exceptions in the depressed European market. The footwear industries in these countries continued to increase their output by 11 per cent and 19 per cent respectively during 1989, latest statistics show.

By contrast, some of the traditional footwear manufacturing centres – notably Italy and the UK – were left with weak order books.

The industry is still a significant source of employment, especially of unskilled workers, in Europe. The ECFI estimates that 346,000 people are employed across the industry.

Throughout the late 1980s the mainstream European industry struggled against a steady increase in imports from Asia, where several countries have invested heavily in building up capacity.

The volume of footwear imported from South Korea and Taiwan fell in 1989, according to the ECFI. But the industry is now threatened by steep increases in imports from other, lower-cost Asian countries, notably Indonesia, Thailand, Malaya and the Philippines.

Mrs Carla Hills

US farm proposal not cleared yet

By William Dullforce in Geneva

THE REVISED US proposal for reducing world farm supports, which Mrs Carla Hills, US trade representative, had said would be tabled this week, is still going through the political consultation process in Washington, US officials said in Geneva yesterday.

The proposal was being put to the private sector agriculture advisory group and to the agriculture committee in Congress. It would certainly be tabled by the October 15 deadline by which countries participating in the Uruguay Round trade talks have to submit firm offers on farm trade reform, the officials said.

There were no differences within the US administration over the substance of the proposal, they added, but it was important to ensure that the main consultative and legislative groups in Washington were informed "before we tell the world".

Mrs Hills said last week that the US would call for cuts of up to 70 per cent in domestic farm supports and even more in export subsidies.

After the disclosure that the European Commissioners were embroiled in a dispute over the EC proposal for agricultural reform, the apparent delay in tabling the US proposal had sparked concern that there could be a further delay in the very tight timetable for concluding a farm agreement before the round ends in December.

The position of the Cairns Group of 14 farm-exporting nations, the third force in the talks, is also unclear. Under the programme set by Mr Arthur Dunkel, Gatt's director-general, each country should submit its farm offer by October 15. The group has been discussing how to co-ordinate their offers.

Gulf crisis hits Indian exporters

INDIA is set to lose engineering export business of up to Rs2bn (£59m) this year because of the Gulf crisis, reports Kunal Bose from Calcutta.

Traditionally, Iraq and Kuwait have been the principal market in the Gulf for Indian engineering goods. The UN trade embargo has hit a number of Indian exporters hard.

But India's Engineering Export Promotion Council (EEPC) is confident that an overall engineering export target of Rs34bn for the current year will nevertheless be achieved.

Officials from Eepc believe that the loss of Gulf business will be compensated for by expanded trade with other parts of the world. The Indian government, which faces the prospect of a trade gap of Rs100bn in the fiscal year ending March 1991, has promised to support EEPC so that the target is achieved.

In the wake of the Gulf crisis, EEPC has directed all its member units to scout for more business, particularly in the Soviet Union (the biggest importer of Indian engineering goods), the US (which accounts for nearly 18 per cent of Indian exports), and Asia.

British Aerospace stays at top of UK export league

By Peter Montagnon, World Trade Editor

BRITISH AEROSPACE retained its position as the UK's top exporting company last year in spite of an 18.6 per cent drop in its total exports to £3.57bn, according to the latest rankings compiled by the Financial Times.

For the first time, this year's table also includes figures which reveal that some of Britain's largest gross exporters make a negative contribution to the balance of trade because of the level of their imports.

Net imports of both Philips Electronics, ranked 29 in the list of top exporters, and Du Pont, in 73rd place, were more than £300m in 1989. Other companies in this category include Unilever (£230m), Rio Tinto Zinc (£28m), Mobil Oil (£148m) and United Biscuits (£58m).

Altogether 40 companies out of the country's top 100 exporters were willing to provide the import figures on which the net calculation is based. Though still incomplete, the result is a clearer picture of the contribution of individual exporters to the balance of trade.

The figures should be read, however, with a number of caveats in mind. First, it is difficult for companies to be sure when buying equipment and materials from UK suppliers whether the goods are domestically produced or not. Because of this, some companies may have understated the true level of their imports.

Also, a distinction has to be made between a company's net contribution to the balance of trade and the impact of its business on the balance of payments, which includes profit and dividend remittances.

Only 30 of the top 100 exporters derive their entire overseas turnover from exports. Those which both produce and sell abroad are likely to be contributing to the UK's invisible earnings.

Such companies include RTZ, only 3 per cent of whose overseas turnover is derived from exports, as well as BAT Industries (3.96 per cent) and Grand Metropolitan (4.93 per cent).

The largest net exporter identified by the figures available for 1989 was Rolls-Royce with a total of £1.67bn. It was followed by BP with £1.57bn, even though this company also posted the largest gross import total at £972m. Another large gross importer was British Steel with £900m, a figure which, the company says, reflects its sizeable purchases of foreign coal.

Strikingly absent from the list of top exporters are Japanese companies such as Sony, a three-times winner of the Queen's Award for Exports. Possibly for fear of upsetting competitors in the European markets which they supply from the UK, Japanese companies based in the UK continue to decline to give figures for their foreign business.

British Aerospace meanwhile said the decline in its gross exports was due to changes in the way it compiles its figures. In percentage terms, the largest fall in exports was recorded by FKI Babcock at 53.7 per cent. Other sizeable falls were recorded by De La Rue (43.6 per cent) and Lucas (38.3 per cent).

The largest increase was once again recorded by Peugeot Talbot, up 156 per cent as a result of sales of cars produced at its Coventry plant. It was followed by Simon Engineering, whose exports rose by 127 per cent thanks to its large factory equipment order at Yerevan in the Soviet Union and its expansion into paper machinery. Rank Xerox, which is also active in eastern Europe, saw its exports rise by 66.8 per cent.

There was no clear sectoral pattern to export trends in 1990, though industrial companies further consolidated their hold on the top 10 positions at the expense of the oil industry. With Esso slipping to 13th place, BP is now the only oil company among the top 10 exporters.

The top 100 exporters accounted for 43.8 per cent of total UK exports, a share which has dropped significantly from 1988, when it was 48.1 per cent. This suggests that smaller companies, long promoted by the government as a possible locomotive for trade growth, may finally be starting to play a larger relative role.

BRITAIN'S TOP 100 EXPORTERS - 1989

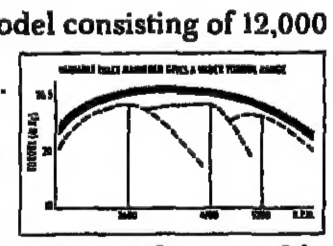
Ranking 1989	Ranking 1988	Company	Exports 1989 (£m)	% of UK t/o	Exports 1988 (£m)	% of UK t/o	% change 88/89	Exports as % of 1989 o/s t/o	Net exports* 1989 (£m)	Imports as % of exports
1	1	British Aerospace	3,574.0	50.6	4,389.0	57.1	−18.57	63.95		
2	2	*ICI*	*3,359.0*	53.9	*3,031.0*	53.2	*10.82*	*48.40*		
3	3	BP	2,145.0	18.3	2,283.0	21.6	−6.04	9.87	1,573.0	45.31
4	4	IBM UK Holdings	2,082.0	49.7	2,144.0	55.1	−2.89	100.00		
5	7	Rolls−Royce	2,015.0	73.8	1,542.0	67.2	30.67	84.12	1,627.5	19.25
6	5	Shell UK	1,714.0	51.8	1,727.0	46.7	−0.75	100.00		
7	6	*Ford UK*	*1,673.0*	34.5	*1,471.0*	33.7	13.73	88.89		
8	8	British Steel	1,489.0	31.4	1,341.0	29.2	11.04	80.36	est 589.0	60.44
9	9	GEC	1,131.0	34.2	1,256.0	28.3	−9.95	21.73		
10	11	Johnson Matthey	741.0	69.2	724.7	72.0	2.25	62.73		
11	13	Guinness	718.0	41.2	605.0	39.7	11.96	35.04	667.0	7.10
12	12	*Jaguar Cars*	*689.2*	*69.1*	*704.0*	*73.9*	*−2.10*	*82.92*	*560.5*	*18.67*
13	10	Esso UK	676.7	24.8	725.0	28.8	−6.68	100.00		
14	17	Glaxo	616.0	67.0	485.0	63.6	27.42	37.52		
15	23	Rank Xerox	599.0	59.7	362.0	37.6	66.8	28.53		
16	22	Inco Europe	579.1	82.4	390.7	58.5	48.22	NA		
17	*21*	*Kodak*	*473.8*	*52.8*	*420.8*	*52.6*	*12.60*	*100.00*		
18	18	BAT Industries	464.0	26.3	449.0	27.6	3.34	3.96		
19	21	Unilever	460.0	12.6	428.0	12.4	7.50	12.24	−230.0	150.00
20	16	Courtaulds	447.0	50.7	494.0	31.4	−9.51	40.86		
21	15	Texaco	437.0	16.0	573.0	25.4	−23.73	71.88	64.0	85.35
22	19	*Vartiy Holdings*	*429.7*	59.2	438.2	82.0	−1.94	84.89	294.4	31.49
23	24	Conoco	408.9	38.4	343.0	40.8	19.21	100.00	405.1	0.94
24	20	STC	384.0	22.3	431.0	26.4	−10.90	43.54	est. 225.8	41.20
25	14	Lucas	369.0	49.3	598.0	56.1	−38.29	25.84		
26	72	Peugeot Talbot	343.9	30.2	134.4	11.6	155.88	100.00		
27	26	*Exxon Chemical*	342.1	58.3	334.0	55.9	2.43	100.00	44.4	87.02
28	30	Tenneco Europe	321.2	45.8	270.0	43.7	19.00	100.00	113.3	64.73
29	29	Philips Electronics	320.0	24.3	285.0	26.1	12.28	100.00	−337.0	105.31
30	31	BTR	294.2	12.8	266.7	12.9	10.31	5.86		
31	33	Wellcome	291.4	68.1	257.5	66.8	13.17	24.80	241.4	17.16
32	27	Hawker Siddeley	285.0	31.6	327.0	33.6	−12.84	22.91		
33	40	Brit. Alcan Aluminium	283.0	34.6	219.9	29.8	28.69	84.45	163.0	42.40
34	36	Racal Electronics	278.1	23.4	238.8	24.8	16.46	54.00		
35	44	Untd. Eng. Steels	273.4	50.6	201.2	41.5	35.88	100.00		
36	37	Allied Lyons	273.0	9.2	236.0	8.6	15.68	17.87		
37	41	J.C.Bamford	271.3	65.5	218.4	58.0	24.22	100.00	225.6	16.84
38	34	T & N	271.0	47.8	257.0	47.3	5.45	44.65	217.0	19.93
39	28	Ciba−Geigy	267.0	42.9	304.0	40.6	−12.17	100.00		
40	35	Rothmans International	262.0	57.6	243.0	72.3	7.82	23.95	235.0	10.31
41	43	SmithKline Beecham	255.3	35.1	257.1	38.1	−0.70	6.12		
42	39	English China Clays	234.0	52.2	223.0	47.7	4.93	43.83		
43	48	Cummins UK	233.8	59.0	187.6	53.5	24.60	95.18	117.8	49.62
44	45	Grand Metropolitan	228.3	4.9	197.4	5.1	15.65	4.93		
45	49	BICC	228.0	11.8	184.0	11.0	23.91	12.27		
46	38	Vickers	223.4	44.4	229.5	46.5	−2.66	53.73		
47	47	Seagram Distillers	213.1	47.1	189.7	49.4	12.34	68.14	145.4	31.77
48	69	Westland Group	208.5	50.4	140.8	41.3	48.08	89.95		
49	53	Gulf Oil	206.6	33.8	176.4	36.0	17.12	100.00		
50	52	Caterpillar UK	199.9	79.4	176.8	79.1	12.90	100.00	127.5	36.23
51	58	IMI	198.0	39.1	164.0	26.5	20.73	34.62		
52	96	*Simon Engineering*	*196.1*	*80.5*	*86.2*	*26.6*	*127.49*	*46.25*		
53	65	Michelin Tyre	193.5	27.8	151.9	23.7	27.39	89.25		
54	56	British Nuclear Fuels	188.0	19.0	169.0	18.4	11.24	100.00	175.0	6.91
55	42	Thorn EMI	186.1	10.4	210.3	11.8	−11.51	9.66		
56	64	Hewlett Packard	181.5	30.3	156.5	31.9	15.97	100.00		
57	*57*	*John Brown*	*177.0*	*49.0*	*168.0*	*62.7*	*5.36*	*55.02*		
58	59	Monsanto	173.5	53.7	161.9	51.6	7.16	100.00		
59	50	Hanson Trust	173.0	4.6	183.0	4.4	−5.50	5.32		
60	61	Associated Octel	172.3	80.4	158.4	78.6	8.78	79.36	161.4	6.33
61	46	Davy	167.8	28.9	195.9	38.3	−14.34	25.54		
62	55	*Pearson*	*163.0*	*31.8*	*171.0*	35.4	*−4.70*	*18.04*		
63	75	BASF UK	155.0	16.3	127.0	19.4	22.05	100.00		
64	78	Nestle Holdings (UK)	153.6	11.1	119.0	9.6	29.08	100.00		
65	70	Smiths Industries	147.4	44.8	140.0	44.0	5.29	38.48	122.2	17.10
66	32	De La Rue	147.2	71.9	261.1	76.6	−43.62	50.45	111.0	24.59
67	71	*Coats Viyella*	*140.3*	*13.8*	*136.2*	*12.4*	*3.01*	*13.68*		
68	68	Pirelli UK	138.7	38.6	140.9	40.4	−1.56	95.13	7.3	94.74
69	67	Dowty	138.4	31.2	141.2	29.5	−1.98	32.68		
70	79	Goodyear Tyre & Rubber	137.0	36.4	111.0	32.0	23.42	100.00		
71	74	Marks & Spencer	136.0	2.9	125.4	2.8	8.45	19.06		
72	51	*Rio Tinto Zinc*	*135.0*	*11.4*	*180.0*	13.1	*−25.00*	*3.00*	*−28.0*	*130.74*
73	62	Du Pont	131.5	25.6	158.0	32.3	−16.77	82.76	−327.4	248.97
74	73	Reed International	131.0	14.1	131.0	12.5	0.00	20.09		
75	54	Ferranti International	129.0	35.3	173.9	23.8	−25.82	42.94		
76	93	Delta	128.3	20.7	93.1	18.7	38.10	56.31		
77	82	Allied Colloids	127.0	77.0	105.1	75.1	20.84	69.40		
78	80	Short Brothers	124.6	50.7	110.7	57.7	12.56	100.00		
79	87	Polaroid	119.4	76.1	97.0	71.3	23.09	100.00		
80	100	Cadbury Schweppes	117.8	9.2	74.8	7.1	57.49	7.54		
81	–	ASW Holdings	116.0	34.6	88.5	29.1	31.07	100.00	91.2	21.38
82	84	Pilkington Brothers	115.3	17.8	99.6	16.1	15.76	5.09		
83	60	Amersham International	114.6	83.	104.0	83.3	10.19	62.15	108.6	5.24
83	81	Schering Holdings	114.6	48.4	107.8	49.0	6.31	100.00	40.6	64.57
85	91	Ingersoll−Rand	110.8	58.6	94.5	60.0	17.25	100.00	70.7	36.19
86	66	APV	110.0	73.3	147.7	61.0	−26.52	15.85		
87	83	*Cookson Group*	108.8	22.1	104.4	21.6	4.21	6.82		
88	89	Mobil Oil	105.0	8.6	96.0	9.5	9.38	89.74	−148.0	140.96
89	95	Lilly Industries	104.1	61.1	86.8	58.9	19.93	100.00	50.1	51.87
90	88	Fisons	103.6	40.0	97.6	38.7	6.15	11.98		
91	–	Siebe	98.1	61.0	95.9	54.1	2.29	8.10	67.5	31.19
92	92	Cyanamid UK	97.9	56.1	94.2	57.0	3.93	100.00	84.4	13.79
93	85	Dawson International	97.8	92.3	99.4	86.4	−1.61	29.19		
94	90	Boots	95.7	3.4	95.6	4.1	0.10	23.07	15.0	84.33
95	94	GKN	95.0	12.3	93.0	11.3	2.15	7.07		
96	99	Roche Products	86.5	49.8	75.0	48.4	15.33	100.00	31.0	64.16
97	–	Pittard Garnar	80.0	60.2	66.0	51.6	21.21	100.00	*64.0*	*20.00*
98	–	United Biscuits	75.8	4.5	68.2	4.5	11.14	7.29	−57.6	176.99
99	82	FKI	73.2	21.2	158.0	29.2	−53.67	10.68		
100	–	Amoco (UK)	72.8	30.5	67.9	38.4	7.21	100.00		

Rank

1 British Aerospace: some of the overseas turnover in 1988 was counted as Rover Group exports; in 1989 it reverted into o/s t/o. Under 1988 formula exports would ammount to £3,588m.
2 ICI: y/e 31.12.1989; UK t/o based on the location of customers is £2,917m (£2,705m in 1988).
3 BP: y/e 31.12.1989.
4 IBM: £1,813m in 1989 (£1,898m in 1988) exports of goods & £269m (£246m) export of services; y/e 31.12.1989.
5 Rolls-Royce: taken over NEI Plc on 15.6.1989. Figures represent combined results of both companies. Rolls-Royce's exports were £1,844m in 1989 (£1,412m in 1988) & NEI's £171.0m (£130.0m). Y/e 31.12.1989.
6 Shell UK: y/e 31.12.1989.
7 Ford UK: y/e 31.12.1989; acquisition of Jaguar treated in accounts from 31.12.1989.
8 British Steel: y/e March 1990. Imports (£900m) are Brit. Steel's estimate; for instance BS imports bulk of its coal supplies.
9 GEC: y/e 31.3.1990. Exports include GEC's part of Plessey & 50% of joint venture associated co's.
10 Johnson Matthey: y/e 31.3.1990. £475.1m in 1989 (£498.4m in 1988) exported to o/s customers & £265.9m (£226.4m) to o/s subsidiaries.
11 Guinness: Imports (£51m) is Guinness's estimate.
12 Jaguar: From 31.12.1989 part of Ford UK.
13 Esso UK: y/e 31.12.1989.
14 Glaxo: y/e 30.6.1989.
15 Rank Xerox: y/e 31.10.1989.
16 Inco Europe: y/e 31.12.1989; overseas turnover not available.
18 BAT Industries: y/e 31.12.1989.
19 Unilever: y/e 31.12.1989; imports of £690m in 1989 (£650m in 1988) is Unilever's estimate.
20 Courtaulds: y/e March 1990.
21 Texaco: y/e 31.12.1989.
22 Vartiy Holdings: y/e 31.1.1990.
23 Conoco: y/e 31.12.1989.
24 STC: y/e 31.12.1989; imports (£158.2m) is a estimate.
25 Lucas: y/e 31.7.1989.
26 Peugeot Talbot: y/e 31.12.1989.
27 Exxon Chemical: y/e 31.12.1989.
28 Tenneco Europe: Exports include £213.6m in 1989 (£180.2m in 1988) inter-company exports; imports est. £207.9m in 1989 (£180.6m in 1988) and £144.7m (£120.2m) inter-company imports. Monroe Europe UK Ltd. included from 1.8.1988. Y/e 31.12.1989.
31 Wellcome Foundation: y/e 28.8.1989; imports of £50m comprises £38m chemical & pharmaceutical raw materials, £4m packaging, est. £3m engineering & est. £5m services.
32 Hawker Siddeley: y/e 31.12.1989.
33 British Alcan Aluminium: y/e 31.12.1989.
34 Racal Electronics: y/e 31.3.1990.
36 Allied Lyons: y/e 3.3.1990; exports exclude duty, while UK t/o shows excise duty. Adjusted for duty exports show 28% (30%) of total sales.
37 J.C.Bamford: y/e 31.12.1989.
38 T & N: £28m in 1989 (£52m in 1988) are exports to o/s subsidiaries. O/s t/o excludes intra-group sales by o/s subsidiaries to other o/s subs. UK t/o excludes intra-group sales within UK. Imports exclude indirect imports from UK importers/distributors.
39 Ciba-Geigy: y/e 31.12.1989.
40 Rothmans International: imports of £27m are finished goods only.
41 SmithKline Beecham: y/e 31.12.1989; Exports include £173m inter-company exports; o/s t/o includes £170.6m intercompany sales.
43 Cummins UK: y/e 31.12.1989.
44 Grand Metropolitan: y/e 30.9.1989.
46 Vickers: y/e 31.12.1989.
47 Seagram Distillers: y/e 31.1.1990.
48 Westland Group: y/e 30.9.1989.
49 Gulf Oil: y/e Dec. 1989.
50 Caterpillar: y/e Sept. 1989.
51 IMI: y/e 31.12.1989.
52 Simon Engineering: y/e 31.12.1989; large increase in exports is attributable to move into the paper engineering industry through acquisition and Yerevan contract at Simon-Carves.
54 British Nuclear Fuels: y/e 31.3.1990. UK t/o provisional (£390m).
55 Thorn EMI: y/e 31.3.1990.
56 Hewlett Packard: y/e 31.10.1989.
57 John Brown: y/e 30.9.1989.
59 Hanson Trust: y/e 30.9.1989.
60 Associated Octel: y/e 31.12.1989.
61 Davy: y/e 31.3.1989.
62 Pearson: y/e 31.12.1989.
63 BASF UK: excludes oil & gas interests.
64 Nestle UK: y/e 31.12.1989.
65 Smiths Industries: y/e 1.8.1989; o/s & UK t/o includes intercompany sales of £28.1m.
66 De La Rue: y/e 31.3.1990.
67 Coats Viyella: y/e 31.12.1989; exports include £22.4m to group companies overseas.
69 Dowty: y/e 31.3.1990.
70 Goodyear Tyre & Rubber: y/e 31.12.1989.
71 Marks & Spencer: y/e 31.3.1990.
73 Du Pont UK: y/e 15.12.1989.
74 Reed International: y/e 31.3.1990. Fall in UK t/o due to the disposal of manufacturing companies. UK t/o on the geographical market basis is £604m as opposed to £926m on the country-of-origin basis. Main imports paper which is purchased from UK agent. Reed is not technically importing paper itself.
76 Delta: y/e 31.12.1989.
77 Allied Colloids: y/e March 1990.
78 Short Brothers: y/e 31.1.1990.
79 Polaroid: y/e 31.12.1989.
81 ASW Holdings: y/e 31.12.1989.
82 Pilkington Brothers: y/e 31.3.1990.
83 Amersham International: y/e 31.3.1990. 1989 figures changed by the company.
83 Schering Holdings: y/e 31.12.1989.
85 Ingersoll-Rand: y/e 31.12.1989.
86 APV: y/e 31.12.1989.
87 Cookson Group: y/e 31.12.1989.
88 Mobil Oil: turnover excludes duty & sales taxes.
90 Fisons: y/e 31.12.1989.
91 Siebe: y/e 31.3.1990.
92 Cyanamid UK: y/e 31.11.1989. Exports are divided into Lederle Laboratories £29.0m, Medical devices £39.8m, Animal health £12.1m, Crop protection £0.1m, Speciality chemicals £17.0m.
93 Dawson International: y/e 31.3.1990
94 Boots: y/e March 1990
96 Roche Products: y/e 31.12.1989.
97 Pittard Garnar: y/e 31.12.1989.
99 FKI: y/e 31.3.1990.
100 Amoco (UK): y/e 31.12.1989. Exports divide into £68.9m to Europe and £3.9m elsewhere.

NOTE: Net Exports are exports minus imports where available.

Research by Jan Schilling, Editorial Research



Loss of 1,000 jobs seen as blow to Welsh economy: 500 more go worldwide

Laura Ashley to close seven plants

By John Thornhill and Antony Moreton in Wales

LAURA ASHLEY, the clothing and home furnishings group, yesterday announced that it was to close seven factories with the loss of 1,000 jobs.

The company is also axing a further 500 jobs worldwide as part of an efficiency drive.

Sir Bernard Ashley, chairman, who founded the business in the 1950s with his wife, the late Mrs Laura Ashley, said he deeply regretted the redundancies. But he added that the current high inflation rate in the UK coupled with the strong pound had made sourcing in the country "commercially unattractive."

After the closures, the proportion of garments that Laura Ashley buys in - primarily from the Far East and Hungary - will rise from 45 per cent to 85 per cent.

Many of the job losses will fall in Wales, where Laura Ashley has had a long and close association. The factories earmarked for closure by March 1991 - unless a buyer can be found - are located in Llanidloes, Newtown, Dublin, Leeswood, Oswestry, and Shrewsbury.

Mr Andrew Higginson, finance director, said: "Laura Ashley has long been a paternalistic employer and that is doubly true in Wales, which is the homeland of the business. Mrs Laura Ashley came from Merthyr Tydfil and there has always been something special in the relationship between the company and Wales. But the closures were necessary if the 6,600 remaining employees were to have a future."

Laura Ashley has expanded fast in mid and North Wales during the past decade. Apart from the plants which have been hit by the closure programme, the company is also in *Carno - which until recently* was its corporate headquarters - Machynlleth, Caernarfon and Wrexham.

Some of these sites will benefit from yesterday's decision. Caernarfon is to be built up and garment production will be resumed in Carno. But the economy of mid-Wales will be severely affected as Laura Ashley was the largest employer in the manufacturing sector.

The announcement of the closures prompted a fierce political reaction.

Mr Barry Jones, the shadow Welsh secretary, said the closure of the factories in Wales would be disastrous for their employees and the local economy.

"The job losses show the total and utter failure of the Government's economic policies. As we have seen so often in the past few months. . .high interest rate policy is costing Welsh jobs and prosperity," he said.

But City of London analysts suggested the company's financial health would be improved by this decision.

Mr Paul Smiddy, retail analyst at Kleinwort Benson, said: "I think this move is necessary in the circumstances."

Last year, Laura Ashley reported a pre-tax loss of £4.7m, although its position was strengthened last month when Jusco, the Japanese retailing group, took a 15 per cent stake in the company. Mr Higginson stressed the decision to close the factories had been taken before Jusco bought a shareholding.

Writ issued in £50m leisure group tussle

By Maggie Urry

A WRIT has been issued in the tussle between Grand Metropolitan and Brent Walker, two leisure companies, over a disputed £50m, part of a wider argument over £160m.

In the writ GrandMet is claiming £50m from Brent Walker and William Hill Group. GrandMet also said that it believed Brent Walker's arguments over the £160m were "plainly wrong".

The legal action appears to put further pressure on the financially-stretched Brent Walker, which revealed yesterday that its net debts totalled £1.15bn. Brent Walker said it did not consider the £50m payment was due.

Brent Walker shares, which have fallen heavily this year, dropped another 17p to 127p yesterday and stand at a third of their 1990 peak of 376p. At that price the group's market value is £63.7m. GrandMet's shares rose 16p to 539p. News of the writ came as Brent Walker, headed by Mr George Walker, a one-time boxer and brother of the better known fighter Mr Billy Walker, announced half year profit figures showing a 52 per cent rise at the pre-tax level to £45.6m.

Regulators plan to fight fraud with spot-checks on firms

By David Waller

THE Financial Intermediaries, Managers and Brokers Regulatory Organisation (FIMBRA) is planning to take steps to increase detection of fraud among its 7,690 member firms, the regulatory body said in its annual review yesterday.

FIMBRA, responsible for regulating independent financial advisers and smaller investment firms, said that it intends to increase the number of visits to member firms made without notice.

The regulatory body is also working to identify "early warning" risk indicators and to introduce more independent checking of clients' records, particularly where suspicion has arisen about a firm authorised to handle client money.

FIMBRA acknowledges that the last year has been a "testing time". It was heavily criticised after the collapse of Dunsdale Securities earlier this year when it emerged that it had carried out an investigation at Dunsdale last summer and found nothing wrong.

"No system can be infallible," the report says. "No system can prevent all wrong-doing and a balance has to be struck between protection of investors and the burden and costs which such protection imposes on business.

"The prime responsibility for the successful conduct of a business and for the safety of funds entrusted to it is, and must remain, at the door of those charged with the direction and management of the member firm involved."

Since April 1989, FIMBRA has visited 3,753 members and compliance officers have spent 4,129 days on visits; since the Financial Services Act came into force in April 1988, 288 firms have have had their authorisation revoked.

The number of FIMBRA members has fallen from a peak of 9,300 at the end of 1988, but the number of registered individuals within firms regulated by FIMBRA has hardly dropped at all (it was 23,000 at the end of August) and the proportion of business placed through independent financial advisers "remains steady".

FIMBRA's surplus of income over expenditure amounted to £571,000 for the year to the end of March , up from £324,000 the year before.

● Mr John Redwood, under secretary for corporate affairs, said yesterday financial regulators should switch their attention from detailed rule making to compliance with the rules.

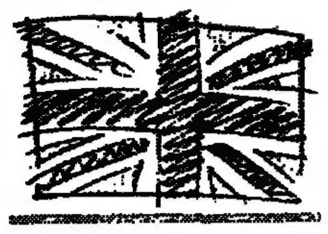
In a speech to a group of City compliance officers, he said: "Too much concentration on the details of rule making may start to remove from clients the wide choice and other benefits of an innovative and competitive industry.

"It may also encourage compliance with the letter rather than the spirit of the rules. Your role as compliance officers is crucial in preventing this narrow view".

Also, the regulators should focus more effort on tracking down wrong-doers, rather than spending their time looking at the "vast majority of reasonable practitioners trying to provide a good service."

He added: "The Government has established the Serious Fraud Office and has charged it with the role of city supercop. The regulatory bodies should be the policemen on the beat making sure that any tip off is followed up."

BRITAIN IN BRIEF



British Steel wins £6.5m tunnel deal

British Steel has beaten competition from several Continental European steel producers to win a £6.5m order to supply high-speed rails for the Channel tunnel.

The contract, which attracted bids from Usinor-Sacilor, the French group, Arbed of Luxembourg as well as West German producers, is for top quality, wear-resistant rails to be used in the tunnel and at the terminal site near Folkestone, Kent.

The 600ft lengths of rail will be the first to be made by a custom built long welded rail plant, which has been installed as a part of a £15m investment programme in the last few years at British Steel's track products plant at Workington in Cumbria. The specially conditions tracks will be made from steel blooms supplied by the company's Teeside steel plants.

British Steel has already supplied 15,000 tonnes of rail equipment and 26,000 tonnes of sheet piling during the tunnel's construction.

Earnings rise by 9.8%

Average gross earnings in Britain rose by 9.8 per cent to £263.10 a week in the year to April, with strong wage rises in regions including Scotland and industries including construction, according to the Government's New Earnings Survey.

The survey – the annual study of wages across industries, regions and occupations – shows women's earnings rising 10.5 per cent against a rise of 9.7 per cent for men. But women's average earnings were £201.50 compared to £295.60 for men.

The rises in average pay compare with rises of 9.5 per cent for men and 10.8 per cent for women in the previous year. Changes in average earnings include bonus payments, overtime and other payments as well as basic rates.

Scottish plan for parliament

A Scottish parliament would have considerable powers to intervene in industry, including the possibility of taking companies into public ownership, according to a plan agreed by the Scottish Constitutional Convention.

The convention, which comprises Labour and Liberal Democrats but is boycotted by the Conservatives and the Scottish National party, ended 18 months of *deliberations at a* meeting in Edinburgh yesterday.

The proposed parliament would have greater power than the assembly devised by the Labour government in the 1970s, which failed to win enough support at a referendum in 1979.

The parliament would be directly elected by proportional representation, but the precise electoral system has not been agreed. There would *also be provisions intended* to ensure equal representation of men and women.

Industry urged to help health

Industry is to be asked to donate £6m to fund crack medical teams who specialise in fitting heart-assisting devices.

Mr Derreck Wheeldon, research fellow in heart transplant medicine at Papworth Hospital, Cambridgeshire, told the Mechanical Circulatory Support conference in London that some financial help had already been offered.

He endorsed the need for the teams because "we can't work out a better way of introducing this technology to this country".

Package for environment

A £20m package to help companies develop new technology to improve the environment and adopt environmentally friendly production methods was announced by Mr Peter Lilley, Trade and Industry Secretary. It is a *follow-up* to Tuesday's policy document on the environment and came as the names were announced of ministers who will have special environmental responsibilities in each Government department.

Mr Lilley will be the "green" minister for his own department but in some cases the task has gone to very junior ministers. He said that two new DTI schemes would provide pump-priming grants for bright new ideas for environmental technology and would ensure that they get quickly used as widely as possible.

Troops told to pay local tax

Magistrates ordered 389 soldiers stationed on Salisbury Plain, western England, to pay their outstanding bills for the new local tax, the community charge.

council. The soldiers had ignored demands for payment claiming that they did not use the local authority services.

The court order means the council can now proceed with further enforcement strategies which include the arresting of wages and distress warrants. The council said after the hearing: "No decision has yet been made on our next move."

The court ruling was greeted with dismay by a number of soldiers in court. They claimed the tax was "unjust" and that they were unable to pay.

Poultry move

O'Kane Poultry, the Northern Ireland food processing company, announced a £4.2m expansion backed by the province's industrial, development board which will provide the company with one of Europe's most modern poultry processing plants.

The QE2: at the centre of the union payment allegations

Union denies Cunard no-strike deal

THE RMT transport union denied having received money from Cunard, the shipping company which operates the QE2 cruise ship, as part of a proposed deal under which the union would be paid £20,000 quarterly if its members did not take industrial action.

The proposal for the RMT to receive £80,000 annually if members worked normally on three Cunard ships including the QE2 liner appeared in a draft *agreement produced* during extended talks between the two sides. The RMT said it was still negotiating a recognition agreement covering workers on the Cunard ships. It already negotiates pay and conditions for deck-hands and ratings on the QE2. The talks between Cunard and the RMT, started last year over catering workers on the QE2.

UK NEWS

Shifting sands present seaside with funding riddle

Christopher Price examines the mini-boom being enjoyed by English resorts, but sees stormy times ahead

THE SUMMER of discontent in the UK package holiday industry, which earlier this month claimed its largest victim in Pegasus, has probably brought smiles to the faces of at least one sector of the tourism industry. Business at English seaside resorts has never been so good.

The number of Britons opting to take their annual holiday at home has risen for the second year running, bucking the trend of the 1980s.

Sited on a 12-mile stretch of south-west England, Torbay – the self-styled English Riviera – has mirrored the mixed fortunes of English seaside resorts in recent years.

The negative factors aiding the resort's renaissance include high interest rates, the introduction of the controversial community charge and the poor state of the economy, which have all contributed to belt-tightening by British holidaymakers.

Add to this the decline in low-cost charter flights to traditional holiday destinations in Spain and Greece, plus publicity over flight delays and the result has been the pleasing sight of "No Vacancies" signs throughout the summer.

On a more positive note, heavy investment – in which Torbay has been conspicuous – amounting to £4bn in the UK tourist industry last year, has upgraded facilities and tempted many holidaymakers to return. A second consecutive summer of hot weather has been an undoubted bonus.

Making sure the outlook remains sunny and continuing to please the fickle British holiday maker is a problem now vexing policy makers. Over the past four years the Torbay district council has invested money in several schemes, spurred on by "Torbay 2000", the resort's development plan, and has been successful in attracting private funds.

Two-thirds of employment in Torbay is linked directly or indirectly with tourism which brings in revenue of £200m annually.

"Tourism is the lifeblood of this bay," says local tourist director, Mr Tim Whitehead. "If tourism fails, the bay crumbles. You have to interfere with market forces in an industry which is your life blood. It's about striking the right balance."

Private and public investment in two new marinas, harbour schemes, seafront refurbishments, shopping malls and a new conference complex have added to the bay's scope for entertaining visitors. Money has been spent maintaining the bay's reputation for clean beaches.

Investment appears to have worked. The number of visitor nights has stabilised at around 10m – an increase of 1.5m over the low point of the early 1980s.

But the resort's policy of development has not been without criticism. The controversial shopping mall stands only two-thirds full, while a £2m development of Brixton marina has been halted until the retail climate improves.

The temperature has been raised by April's introduction of the community charge to pay for local services. The local Conservative Party is keen to remove the burden from taxpayers and has embarked on an ambitious plan to privatise the resort's tourism service.

The council's privatisation aims have won it few friends in the business community. "Torbay Council is Against Tourism," ran the banner headline in a full page advert in the local paper in July, placed by representatives of the business community protesting against plans to privatise the resort's brochure.

"A lot of hoteliers are very close to bankruptcy," said Mr Terry Page, the chairman of the Torbay Hoteliers Association. Privatisation, he believes, can only worsen an already painful situation, the mini-tourist boom notwithstanding.

Voters have shown some support for privatisation plans. The tourist board receives £1m a year in public funding and privatisation would equate to an annual £11 reduction in every charge payer's bill.

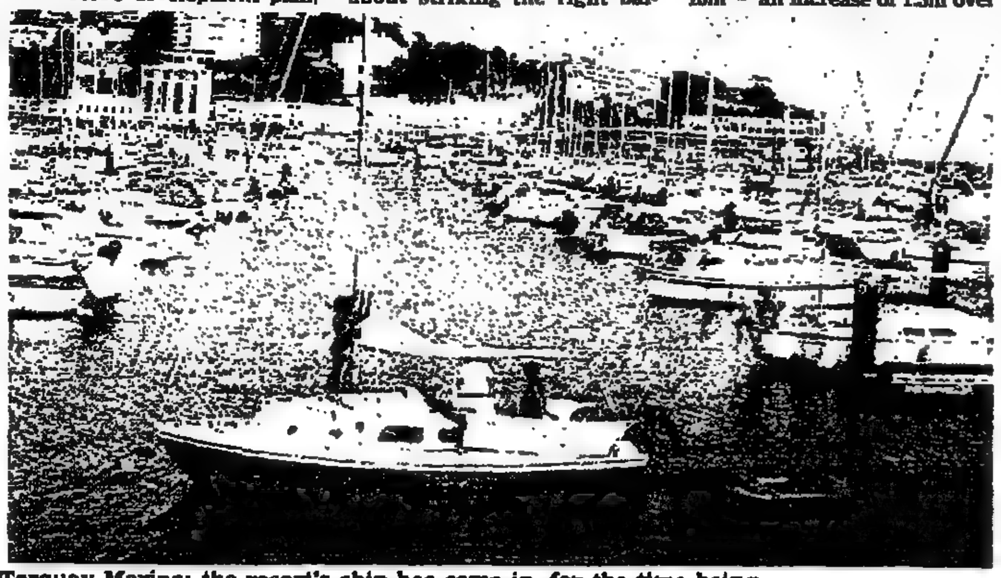
An even more popular target is the English Riviera Centre, a £15m conference complex built by the council two years ago which costs a further £800,000 a year to fund.

"There has never been any intention of walking away from tourism," says the leader of the Torbay Tories, Mr Tony Key. "But we believe in making the industry slicker and more streamlined so that we can reduce the public subsidy."

Under the Conservative plan, the Torbay Tourist Board would be turned into a private company with, according to Mr Keys, "long-term safeguards" to protect against failure. Responsibility for promoting the resort would be handled by the new company, as would arranging accommodation, conference organisation and the harbour lights.

"Of the thousands of guest houses and hotels in Torbay, just 640 advertised in last year's brochure," says Mr Keys. "The scope for the tourist industry to finance itself is enormous."

"Torbay has become the seaside resort being watched by all the others – and for the wrong reasons," commented one local official. "We are seen as a testing ground for other towns to follow, or not, depending on the outcome."



Torquay Marina: the resort's ship has come in, for the time being

Safety changes may reduce viability of North Sea oil fields

By David Thomas, Resources Editor

SAFETY modifications required after the Piper Alpha oil rig disaster could cut the number of new economically viable fields in the North Sea by 10 per cent, John Brown, a leading offshore contractor, said yesterday.

The North Sea oil and gas industry is bracing itself to implement new safety regulations after the official Cullen report into the 1988 Piper Alpha disaster is published in the autumn.

Mr Richard Elliott, head of engineering at John Brown's offshore engineering arm, yesterday gave a detailed cost estimate of safety regulations either already announced or likely to be introduced following the Cullen report.

The costs of a North Sea platform would be increased by 1.91-2.87 per cent by the new safety regulations, Mr Elliott told a conference in London organised by the Institution of Chemical Engineers.

A new North Sea platform now costs about £1bn. The biggest single change so far required following the disaster has been the need to install emergency shutdown valves, at a cost to the industry estimated by Mr Elliott of £200m-£300m.

Other modifications include increased survival craft and fire protection.

"At first sight this does not seem to be too high a price to pay for increased safety," Mr Elliott said.

He argued, however, that it would be sufficient to cut by 10 per cent the number of new fields which would be economically viable over the next decade.

He added that his estimates excluded indirect costs such as those arising from extra design work.

Separately, Bowring, the insurance broker, told the conference that the provisional loss to the insurance industry of the Piper Alpha disaster was $1.47bn.

Mr Thomas Redmond, executive director of Bowring's marine and energy arm, stressed that the Piper Alpha disaster was one of several very large recent claims on the insurance industry, including that arising from the Exxon Valdez oil spill in Prince William Sound, Alaska.

"The net result must be that the insurance market will harden and premiums will soar," Mr Redmond warned.

General Dynamics and Vickers vie for orders in the desert

By David White, Defence Correspondent

SINCE the Christmas before last, Vickers has been counting down to this weekend - the government's deadline for the company to complete work on its Challenger 2 battle tank. What the company did not know was that the scene for testing British tanks against their US rivals would shift to the desert of Saudi Arabia.

Vickers has reached the last of three "milestones" in a 21-month demonstration phase for Challenger 2, ending on September 30. The nine prototypes it contracted to build are already on trial. But a more real trial is about to begin as two regiments of Challenger 1 tanks, the previous model, start being shipped to the Gulf.

When they arrive in the second half of October, they be ranged alongside US M1A1 Abrams tanks. The next model, the M1A2, is contending to oust Vickers from the UK market. Along with the UK's 7th Armoured Brigade will go a 10-man team from Vickers, sent at the company's own expense. Deployment in Saudi Arabia, even if no shot is fired, will be a crucial test of reliability. The Challenger 1's suspect reputation within the British Army hangs over the prospects for Challenger 2, although the manufacturers say the Army could have enjoyed a higher availability rate through better maintenance and spares supply. Its US rival also comes with at least one potential weakness, its voracity for fuel.

Vickers and the US manufacturer General Dynamics are competing for Gulf custom as well as the UK order. The Saudi desert is becoming a shopwindow for arms companies desperate to exploit markets that - unlike those of Nato - are growing.

UK requirements have shrunk with plans to reduce forces in Germany. The British contract will not be for the originally expected 600 tanks, worth more than £1bn, but possibly for about 200, with an option for perhaps 150 more.

General Dynamics has proposed UK participation in the new Abrams. So has Krauss-Maffei of West Germany for its Leopard 2, the other main contestant. France's Giat Industries is also entering its new automatic-loading Leclerc tank for the competition, but that is generally considered too risky an option.

The basic Abrams and Challenger were both inherited by their current manufacturers: the former when General Dynamics took over Chrysler's tank division in 1982, the latter when Royal Ordnance's Leeds plant passed to Vickers in 1986.

The £90m contract Vickers won in 1988 to build the Challenger 2 prototypes, featuring a new turret and gun, was a political compromise. Sir Peter Levene, the Ministry of Defence's procurement chief, backed the Abrams. On the other hand, Mr Tom King, the defence secretary, appointed since the interim deal, is considered more supportive of the tradition of the British tank.

Vickers is up against a good deal of Army prejudice. Britain, which pioneered tank warfare, is not reckoned to have made a first-rate tank since the post-war Centurion. The US contender is slightly lighter than its British rival and faster. Its Textron Lycoming gas turbine engine can use almost any fuel but consumes a lot of it; modifications are promised. The Challenger relies on a Perkins diesel, plus an auxiliary power unit. Both new tanks have the same Canadian computer controlling the main gun. The Abrams gun is a German model and smooth-bore, the Challenger's a new Royal Ordnance gun, rifle-bore like its predecessors.

Royal Ordnance, part of British Aerospace, has hedged its bets, however. It would collaborate on the turret of a British Army Abrams tank if General Dynamics won, and has a standby agreement to co-operate with Rheinmetall of West Germany, which designed the gun used on both the Abrams and the Leopard and worked with Giat on the Leclerc gun.

General Dynamics until recently needed a UK order to keep tank production going. But Saudi purchases - 315 Abrams tanks secured and more in prospect - have relieved the pressure.

Vickers is also looking for a possible Saudi market as well as the United Arab Emirates, Oman, and in the longer term Iran - where the first Challenger, then known as the Shir 2, was destined before both the Shah and the order were toppled.

● The company yesterday announced a £150m order including export-model tanks from an undisclosed country.

Management abstracts

CEO incentives – it's not how much you pay, but how. *M.C. Jensen and K.J.Murphy in Harvard Business Review (US), May/June 90 (10 pages).*

Presents findings from an analysis of CEO compensation which suggest that excessive reward salaries and bonuses are bot being paid – despite what everyone thinks – and that, overall, compensation is getting worse. Sees compensation policy as important in determining executive behaviour and quality of executive attracted: believes, therefore, that compensation policies need to be overhauled to reward or penalise good/bad performance.

Economics of quality. *D.N.Merino in The International Journal of Quality & Reliability Management (UK), Vol 7 No 3 90 (3 pages).*

Seeks to define cost of quality in terms of non-conformance, points to inadequacies of cost accounting methods in today's manufacturing environment and notes the general lack of understanding of the economics of quality with regard, specifically, to prevention costs. Provides a cost/benefit/problem classification, showing where control of the problem lies, intensity of labour/capital, problem type and solution, prevention costs, and cost/benefit ratio; defines capital-intensive projects of process-related industries.

Contemporary marketing behaviour and distribution system in Japan. *K.Suyama in Kansai University Review of Economics and Business (Japan), Sep 89 (26 pages).*

Profiles the general Japanese marketing and distribution system by reference to, in the first instance, consumer life and marketing in the formation of a distribution information network and then to differential advantage and marketing strategies (illustrating a model of new development of market-coping and creating strategy); moves on to consider product policy, reorganisation of the distribution channel, and price and promotion policy. Looks at technological issues; point-of-sale systems and value networks in the distribution information network

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

Foreign investment

Drive for local credibility

Jimmy Burns on the French Montupet car components group's N Ireland strategy

In their office on the fringe of Republican West Belfast, Georges Senninger and Jean Jacques Pezet, managing director and external relations manager respectively of Montupet (UK), perform an impressive double act.

Senninger is a recent arrival to the area. At 37, he has youthful good looks, a penchant for fashionable clothes, and a relaxed air. Pezet, who has been preparing the ground for over two years, looks as if he may have acted in one of those popular French cop movies: gruff-spoken and built like a boxer, if somewhat past his prime, he seems to have little time to waste.

Together they personify the climate of change and innovation mixed with determination to succeed in the longer term which foreign investors are expected to bring to the industrial landscape of Northern Ireland.

It is clearly going to take more than just image to breach the credibility gap, however. Montupet has taken over the Dunmurry site formerly occupied by De Lorean Motor Cars the American sports car company owned by the flamboyant American executive John De Lorean, which made gull-winged luxury sports cars.

De Lorean's collapse in 1982 with a net loss of more than £50m of taxpayers' money was the most spectacular failure in the British government's campaign to attract overseas investment into Northern Ireland; and memories of the debacle are still fresh in the minds of the local community.

As a car components manufacturer, moreover, Montupet is entering a decade of intense global competition and rivalry. There seems little doubt that the 1990s will severely test the industry's ability to adapt and that it is facing the challenge of sweeping adjustment and shrinking margins.

It was in December 1988 that Montupet presented Northern Ireland with potentially one of the most significant boosts to the local economy in recent years. The £90m high-tech investment announced by the French company was the biggest single project secured by the Industrial Development Board, and the biggest single initial investment by any overseas company in Northern Ireland.

Manufacture of aluminium wheel rims began in April and engine cylinder heads were being cast a month later. Through IDB grants, the taxpayer is already paying at least £37.6m towards the project.

Montupet's parent company has plants in France, Canada and Spain. Before deciding on Northern Ireland the French components manufacturer had considered France, Portugal, and the Republic of Ireland, for additional sites. Senninger denies that generous government subsidy was the main reason behind the company's decision finally to opt for one of the potentially more volatile areas of Belfast.

Many of the inhabitants of the sprawling estates set in the midst of a stark wasteland have resigned themselves to a familiar pattern of urban violence and high unemployment. The plant was the victim of isolated incidents of vandalism in the early days of its existence, and is today heavily protected by private security. However, both Sennin and Pezet describe social life in Northern Ireland as "pleasant" and consider Norther Ireland's political problems as "far too complex even to be understood".

One of the main reasons for locating in Northern Ireland was the "availability" of a suitable factory site capable of being quickly adapted to Montupet's production processes.

The region's unresolved political problems have not dented the availability of a large skilled workforce.

Montupet's state-of-the art aluminium cylinder heads are intended primarily for Ford Motor company's new engine plant at Bridgend in South Wales, for use in the new generation Zetta engine. The aluminium wheels are exported to Italy, France, and West Germany to supply companies such as Peugeot and Citröen.

Jean Jacques Pezet (left) and Georges Senninger

In the past, government largesse in the giving of grants was identified as one of the main contributors to lax management attitudes and poor investment strategies in Northern Ireland.

Studies have also provided evidence that the number of jobs actually created by companies with government subsidies have fallen short of the number of jobs promised.

In Montupet's case, management took steps at the outset aimed at keeping costs down and improving efficiencies. These included the signing of a single-union agreement with the AEU engineering union which allows for a large measure of flexibility in pay and conditions. For example, all employees are tied to a performance-related pay structure; the company has set aside considerable funds for training and future research and development to insure that the plant remains multi-skilled and capable of responding quickly to changing market conditions.

The automotive components industry generally remains highly fragmented. But by linking Dunmurry to Ford at Bridgend and to other European mainland vehicle manufacturers, Montupet appears to be looking beyond the creation of a single European market and bracing itself for a defence against the Japanese.

A bold initiative was the deliberate recruitment of people locally, even though this has created a greater need for training; 80 per cent of the workforce lives close by, with Catholics proportionately balanced with Protestants.

Nevertheless, the company has since April fallen behind its forecast employment levels. In September it had 92 workers on its books, compared with the figure of 129 set when it announced its investment.

Senninger blames the gap on the "lateness of some purchasing orders" which would appear to reflect a slower than expected climb in production at Bridgend. But he plays down the impact of Ford's announcement – two months before Montupet decided on Belfast – that it was switching part of its overall investment intended for Bridgend to Cologne in West Germany.

In the longer term, Senninger is laying his hopes on what he sees as the growing attractiveness of aluminium to an industry increasingly vulnerable to fluctuating fuel costs.

Nevertheless, even Senninger's comments contained an element of caution against the background of last year's record downturn in the international car and truck market.

The government, he noted, had learned from the De Lorean experience and was aware that in spite of the social pressures to reduce unemployment, job creation had to be tied to sound commercial criteria if it was to prove viable in the longer term.

Expansion strategies

The odds-on approach

Guy de Jonquières on a study suggesting that cross-border acquisitions have a good chance of being successful long-term

Whatever the reasons which have prompted more and more managers in the past few years to choose cross-border mergers and acquisitions as a vehicle for international expansion, they seem unlikely to include hopes of a quieter life.

Picking a suitable target or partner in a foreign country and integrating its business smoothly with one's own is a hazardous obstacle course, riddled with national differences in business practices, management culture, laws, regulations and language.

A cautionary lesson is provided by the wave of European cross-border mega-mergers in the 1970s, involving companies such as Hoechst and Hoogovens and Dunlop and Pirelli. Almost all these deals fell quickly and rancorously apart.

Indeed, a recent study* by the London Business School concluded that within Europe, at least, companies might do better to play safe by aiming for less ambitious links, such as joint ventures and minority shareholdings.

However, research by McKinsey management consultants suggests companies may be learning from past mistakes. It finds that cross-border mergers completed in the 1980s have not only had a surprisingly high success rate, but that they stand a much better chance of working than purely domestic ones.

Analysing 28 cross-border acquisition programmes involving 319 separate deals between 1981 and 1987 by companies based in the US, Japan and Europe, McKinsey judged more than half to be successful. That compares with only a quarter of a sample of domestic US deals surveyed several years ago.

Definitions of success are inevitably subjective. The research, to be published in the forthcoming McKinsey Quarterly**, relies largely on financial yardsticks : post-acquisition returns on equity and assets, and whether they exceeded acquirers' cost of capital.

As McKinsey admits, these are distinctly Anglo-Saxon criteria. Japanese and continental European companies would be more likely to emphasise longer-term results, such as gains in market share.

None the less, the research points to useful lessons. McKinsey concludes that there are six important principles of success for mergers, which are observed more frequently in cross-border deals than in domestic ones. These are:

■ Acquire targets in your core businesses. This was true of 14 of the 16 successful cross-border acquisition programmes studied. By contrast, three of the five non-core programmes failed. Of the 28 programmes, 82 per cent were focused on core businesses, against 67 per cent of domestic US mergers.

■ Buy strong local performers. Cross-border mergers succeeded much more frequently when the target companies were already earning good financial returns and had a strong local market presence.

An exception was when buyers were interested in acquiring companies only for their technology or skills. In several cases, buyers had boosted the performance of companies with a weak market position by improving their productivity.

> McKinsey's golden rules are, inevitably, easier to follow in some countries than in others

■ Do not try to get everything right immediately. Successful acquirers concentrated initially on extending to their acquisitions the particular strengths which gave them sustainable competitive advantage.

They also focused first on areas where worldwide strengths, such as scale and international co-ordination, could yield benefits, leaving local functions until later.

■ Transfer skills – defined as established business systems such as product management and distribution methods – to the acquired company. In 11 of the 14 successful acquisition programmes such transfers were made on a large scale – but hardly at all in the failed deals.

McKinsey found that transfers could be achieved by moving a few managers from the acquiring company into important positions in their new acquisitions.

■ "Patch together" systems, emphasising those which are essential to operations. Proposals to rush into heavy investments in the acquired company, particularly on information technology systems, should be resisted. Gradual changes allowed acquirers to incorporate valuable lessons about operating in a new market.

■ Experience counts. McKinsey found successful cross-border acquirers made nearly twice as many purchases as unsuccessful ones, often pursuing a phased programme of foreign acquisitions. That made it easier to learn practical lessons which could be applied to subsequent deals.

McKinsey's golden rules are, inevitably, easier to follow in some countries than in others. Identifying a target – and actually bidding for it – is much simpler in Britain and the US, which require comprehensive financial disclosure, than in countries such as West Germany, where even publicly-quoted companies are obliged to divulge only scant information.

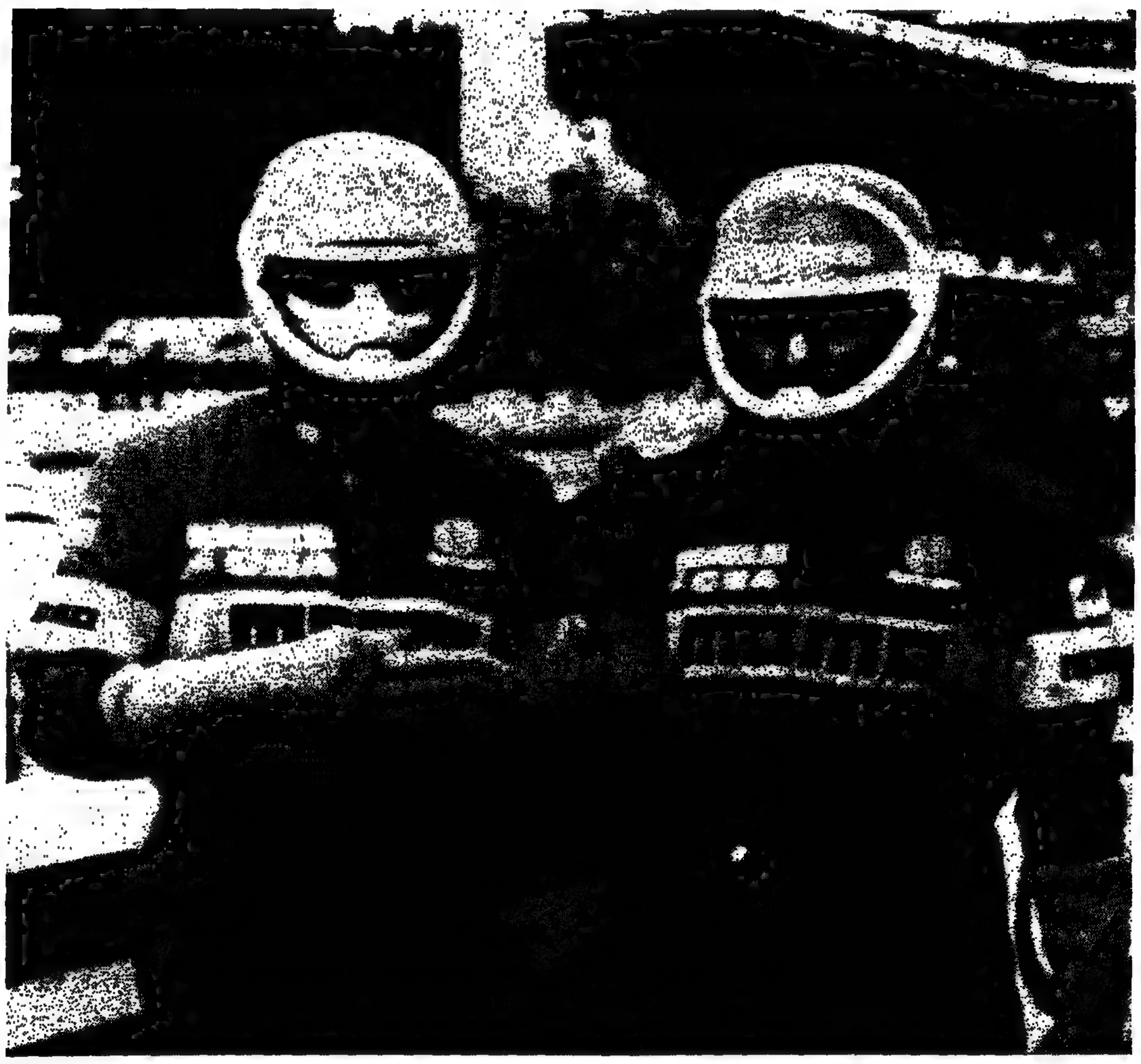
It is also true that the principles apply equally strongly to purely domestic mergers and acquisitions. The interesting question is why they appear to be respected more often by companies when they go abroad than when they acquire at home.

McKinsey offers no explanation. But the most likely seems to be that awareness by cross-border acquirers that they are venturing into risky and unfamiliar territory gives them a powerful incentive to tread with special care and limit the margin for error to a minimum.

** Continental Mergers are Different : Strategy and Policy for 1992. Centre for Business Strategy. London Business School.*

*** McKinsey Quarterly No. 3 1990.*

Kevlar* and Nomex*: Helping to increase motor racing safety.



It's quite normal for Formula One racing cars and even rally cars to reach 200 km/h and sometimes well over 300 km/h. Clearly, the smallest technical defect or driver error at such speeds can have serious consequences, which makes driver protection and safety crucial.

Racing drivers know this. They wear helmets reinforced with KEVLAR and protective overalls made from flame-resistant NOMEX III.

Such precautions have already saved many a driver's life. Press reports suggest, for example, that this is the case with former world champion driver Niki Lauda, as well as Nelson Piquet and Gerhard Berger.

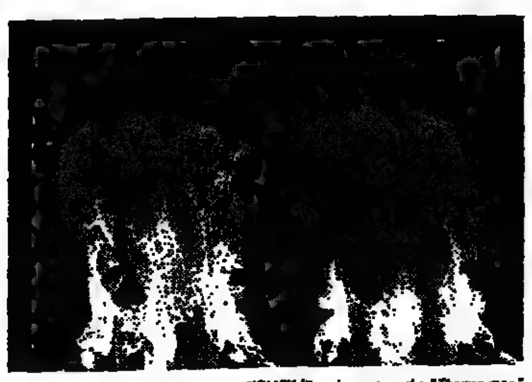
Nomex III – The superior flame-resistant formulation.

In motor racing, spectacular accidents are, unfortunately, all too frequent. And if a car catches fire, a few seconds can make the difference between life and death.

A protective garment made from NOMEX III can save a life in this sudden, critical situation. This heat- and flame-resistant fabric provides protection against fire for an exceptionally long period.

NOMEX III is a blend of NOMEX meta-aramid and KEVLAR para-aramid developed by Du Pont. It has proven advantages over other heat- and flame-resistant textiles. This is mainly because the woven material does not break open even when exposed to flame, so that the skin is not directly exposed to the fire.

Du Pont has subjected NOMEX III to numerous tests which confirm its exceptional protective properties. A special manikin developed by Du Pont, known as the "Thermo-man*", is one of these. It is 1.85 metres tall and has 122 sensors distributed over its entire surface to register temperature, quantifying pain thresholds and the critical point when burns first occur. The results have provided invaluable information for the development of safer protective clothing.



NOMEX III under test on the "Thermo-man"

Critical protective clothing applications.

Firemen, policemen and industrial workers can all find themselves in potentially dangerous situations. Garments of NOMEX III can be developed to provide the degree of protection required for different risk situations. And with a special advantage: material made from this patented fibre blend is as much as 40% lighter than flame-retardant cotton for the same protective performance. In addition, NOMEX III is resistant to most chemicals and does not melt.

What's more, a protective garment made from NOMEX III is a good investment for another reason – its protective properties are permanent, even after long periods of wear and repeated washing. It will last about six times as long as a garment of flame-retardant cotton.

This is why public authorities and organisations are relying increasingly on clothing made from NOMEX III. In the U.K. the majority of professional firemen are equipped with NOMEX III. So are an increasing number in Germany. In Italy, all 25,000 members of the national fire service are equipped with protective garments made from NOMEX III.

Italian firemen wear clothing of NOMEX III

World rally champion with Kevlar.

KEVLAR makes many contributions to the increased safety of motor racing. For example, it is used to reinforce helmets, car body components and tyres.

A burst tyre at high speed is a nightmare for any driver. Hours of driving combined with repeated heavy braking subject tyres to exceptionally heavy loads.

Leading tyre manufacturers have therefore adopted KEVLAR to reinforce their high-speed and other speciality tyres.

Tyres reinforced with KEVLAR have numerous advantages: they are lighter, develop less heat and withstand greater loads.

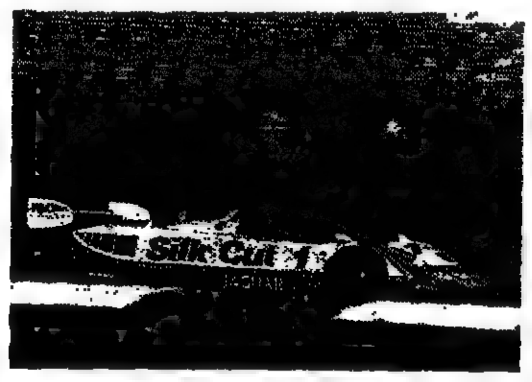
Michelin, Pirelli and Dunlop have been using KEVLAR for some years with considerable success: most rally world championships in the past ten years as well as the 1987, 1988 and 1989 Group C World Championships were won on tyres reinforced with KEVLAR.

The average motorist also benefits from KEVLAR. Not only in tyres, but also in brake pads, clutch linings, cylinder head gaskets and cooling system hoses, KEVLAR enhances safety and reliability.

Kevlar "Hx" Series – The second generation.

Several years ago, KEVLAR pioneered a new era in fibre technology. Never before had there been a fibre with so many outstanding qualities. KEVLAR is light, strong, corrosion-proof, heat resistant, self-extinguishing, non-magnetic and electrically non-conductive. And it retains all its useful properties from − 40 °C to + 180 °C.

Du Pont is now once again setting standards in fibre technology with the KEVLAR "Hx" Series, which achieves significant performance improvements for specific applications. KEVLAR "Ht" has, for example, higher tensile strength; KEVLAR "Hm" a higher modulus of elasticity; and KEVLAR "Ha" greater adhesion. KEVLAR "Hc" is available in other colours as well as the original yellow, while KEVLAR "Hp" is ideal for optimising performance of sports equipment.



Group C – World Cups 1987 and 1988 for Jaguar – and therefore, for Dunlop tyres reinforced with KEVLAR as well.

Innovative technology means progress.

KEVLAR and NOMEX are produced by the Engineering Fiber Systems division of Du Pont, which also developed TEFLON*, TYVEK*, TYPAR*, CORDURA* and high-strength Nylon.

From house and home to air and space, these products have opened up new perspectives.

Du Pont is one of the world's leading research-oriented companies, and currently employs more than 17,000 people in Europe alone.

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*Du Pont's registered trademark.

DU PONT

The signal reaches out

Bernard Simon describes how diversification has paid off for a Canadian cable TV company

Senior executives at Canadian Satellite Communications (Cancom) complain only half in jest that they were never informed by Sky Television and British Satellite Broadcasting before the two British satellite networks came on the air.

Sheelagh Whittaker, Cancom chief executive, says that the one word of advice she would have given Sky owner Rupert Murdoch was: "Don't make your own signal." Cancom has its hands full supplying other people's radio and TV signals to nearly 2.6m households across Canada, from the tiniest fishing villages of Newfoundland and Eskimo settlements above the Arctic Circle, to suburban homes in urban areas.

The publicly listed company based in suburban Toronto claims to be first in the world to have scrambled and marketed broadcast signals via satellite. It has subsequently made its name as a pioneer in bringing cable television at affordable rates to remote communities with as few as 75 households.

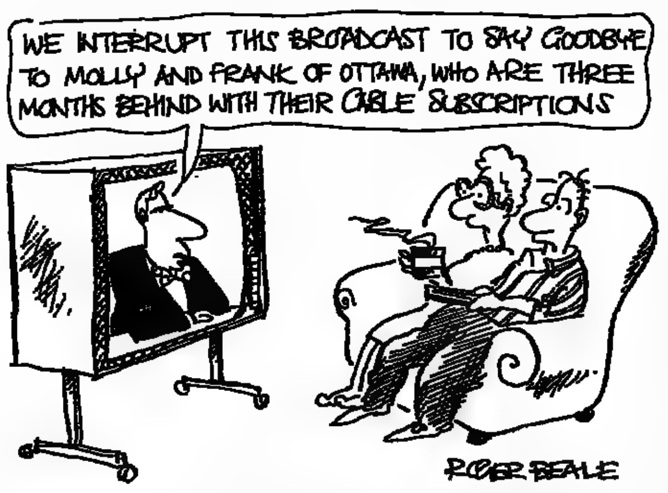
From this base, it has diversified into a wide range of other satellite-based services, including direct-to-home TV signals and business data communications. Earlier this year, Cancom became a licensee for a mobile communications service developed by Qualcomm of San Diego which allows two-way conversation between truck drivers and dispatchers anywhere in North America.

Unlike Sky or BSB, which produce their own programmes, Cancom offers its customers a package of eight US and Canadian TV stations beamed from leased transponders on Anik D, a Telesat Canada satellite. Four of the stations are Canadian and the others are US network affiliates, based in Detroit. Except for its fledgling direct-to-home service, Cancom's customers are not individual subscribers. They consist of 1,933 cable companies which buy signals from it for distribution to households.

One secret to Cancom's operation is the scrambling equipment installed at each of eight TV and two radio "uplink" sites across Canada, and regulated by a master control centre at Oka, Quebec, near Montreal. The scrambled signals are unusable unless they are converted by decoders provided to cable company customers. The decoders enable technicians at Oka to tailor the eight-channel package to individual cable operators' needs.

In Winnipeg, for instance, a cable company takes only two US networks from Cancom. The rest of its service is available from microwave signals. "Encoding and decoding is also our cash register," Whittaker says. With its rates set according to a cable company's subscriber base, Cancom reserves the right in its contracts to audit operators at random.

A company spawned by Cancom four years ago to specialise in marketing cable-TV to remote communities has significantly brought down the cost of installing cable-TV systems by standardising reception equipment and encouraging communities to pool their resources. To reduce manufacturing costs, the company, C1 Cablesystems, has given all its business for reception equipment (known as "head-ends") to a single supplier, the Nexus Group of Vancouver.



Nexus installs Cancom decoders in head-ends before they leave the factory. The price of a head-end has come down from C$50,000 when Cancom started operations in 1981 to about C$18,000 now. Likewise, C1 achieves economies of scale by encouraging small cable systems to share administrative and technical resources.

Despite annual increases in its satellite leasing costs, Cancom has never put up its rates in nine years of service. The company has been able to hold the lid on rates partly by the technological advances in its equipment, and partly by cross-subsidisation between its remote-community services and its other satellite-based businesses.

Whittaker estimates the untapped market for satellite-based cable TV in Canada is about 100,000 households. Another 900,000 isolated households, such as farms, are reachable only through backyard satellite dishes.

Cancom currently has only about 8,700 direct-to-home subscribers. Whittaker doubts that this service would be economically viable without being able to charge all its satellite costs to the cable-TV business. "It takes so many backyard signals to cover operating costs," she says. "No free-standing, direct broadcasting satellite service anywhere is making money."

The key to a secure lock

Innovation in security products is usually associated with electronic devices such as key-cards. Lock manufacturers, however, are demonstrating that there is still room for improvement in the oldest mechanical technology.

As a result, the number of possible key variations from one of the most common locks has been multiplied from 200,000 to more than 1m, although in practice lock makers probably still will not use more than 20,000 variations.

Most houses in Britain rely on the cylinder rim lock or night-latch, often in combination with a mortice lock, for securing external doors. Each uses technology which has been used for many years, meaning that burglars have had plenty of time to perfect the art of picking them. Mechanical wear, moreover, means that some older night-latches become useful for little more than keeping a door closed against the wind.

Of the cylinder rim lock, David Scott, managing director of Yale Security, a subsidiary of Yale and Valor, admits: "The pin tumbler mechanism was invented by the ancient Egyptians, a fact we keep fairly quiet." In its current form, the pin tumbler mechanism was invented by Linus Yale in the mid-1800s.

Its popularity derives from ease of fitting and use, rather than sturdiness. "The night-latch has never been accepted as a very high security device," acknowledges Jeoff Samson, Yale and Valor's chief executive. For this reason, most householders also use a mortice lock.

Until this year, no night-latch had been certified as meeting standard BS 3621, which took effect in 1980. Among its requirements were that a lock must withstand 3,030lbs of pressure. Only mortice locks, which are fitted within a door, rather than attached to it, passed the test.

In June 1989, Yale decided to develop a conforming night-latch at its factory in Willenhall, Britain's traditional lock-making centre in the West Midlands. Within a year, the lock had been certified by the British Standards Institution.

Yale's new rim lock differs in several ways from its predecessors, which will continue to be manufactured and offered at prices starting at less than a third of the £50-plus it charges for the premium product.

The lock itself is attached to the door on two planes, at right angles. The strike, which is fitted to the door jamb, extends several inches above and below the striking plate (where the bolt lodges) giving resistance to leverage.

The casing uses heavy gauge steel, and a hardened steel cap makes the cylinder drill-resistant. Because the cylinder contains six tumblers rather than five, it is harder to pick.

The lock automatically dead bolts when the door closes, making it resistant to credit cards or similar thin objects and a hardened steel shim in the bolt is intended to protect against saws. Like mortice locks, it is lockable by key from the inside.

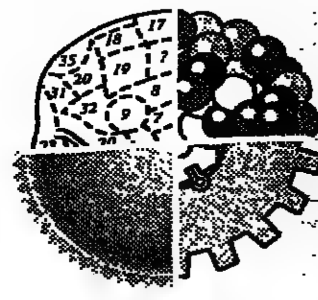
Racal-Chubb Products, the Racal Electronics subsidiary which is Yale's leading competitor, has also been adding features to its locks.

Its Guardian 4L67 rim lock, which has a 10-disc Ava mechanism – containing no springs – allows 50,000 key variations. It was designed to conform with BS 3621. But because its production facility did not originally meet another standard, it is only now coming close to getting approval to carry the BSI kitemark, according to Frank Post, marketing manager.

Chubb has also upgraded the mortice lock, introducing a rugged seven-lever model in addition to its standard five-lever version, which increases the usable key variations from 1,000 to 6,000. Ingersoll, another Yale and Valor subsidiary, also has a rim lock which conforms to BS 3621.

Of Yale's BSI-certified rim lock, Scott says: "Properly fitted on the front door, this could provide the security you would get with a five-lever mortice lock and a five-pin night-latch." He has yet to convince Samson, however, who admits he would always use two locks on external doors.

Clay Harris



WORTH WATCHING

by Della Bradshaw

Food stays cool as a cucumber

STRAWBERRIES, melons and cherries are the sort of delectables the modern gourmet has come to enjoy even in the middle of winter. But transporting the fruits quickly enough to preserve their freshness means that they have to travel by air – which makes them expensive.

The answer could be a cooling technique developed by the Japanese NYK shipping line. It relies on sophisticated computerised controls to keep the food chilled at a very specific temperature – between 0 deg C and the freezing point of the food. As a result the temperature in the container varies from food to food – strawberries, for example, are kept in the NYK system at -0.5 deg C.

NYK says the process does not destroy the cell structure of the food – be it fruit or meat – as freezing does.

Japanese consumers are already benefiting from Fine-Tuned Cooling. Strawberries from the US and soft cheeses from France have been successfully transported.

An artificial protein blossoms

A NEW growth-promoting protein developed in Australia has been released on the international market, according to AP.

John Stocker, chief executive of the Commonwealth Scientific and Industrial Research Organisation (CSIRO), announced the release of the Insulin-like Growth Factor (IGF) protein at the Ninth Australian Biotechnology Conference.

IGF proteins, similar in structure to insulin, are produced by the liver and other tissues to promote cell growth. Scientists from the CSIRO and the University of Adelaide have carried out a six-year project to refine and genetically alter particular types of IGF to increase their promotion of cell growth.

The new IGFs would be used by biotechnology and pharmaceutical companies worldwide for artificially growing living cells for drug production and experiments. But the long-term potential of IGF is larger because they also have medical and veterinary applications."

The most lucrative long-term market lies in treating patients suffering from tissue loss following burns, broken limbs, cancer or chronic infection. Clinical trials will probably be conducted in the US by Genentech, which has signed a licensing agreement to exploit IGF technology for medical applications.

Help for PC users with a problem

WHY is it that when you have forgotten how to carry out that crucial task on your PC there is never a manual or a colleague around to remind you of the procedure?

The answer could be a hotline set up to help PC-users with a problem. Called Helpdesk Express (HDX), the service provides answers to queries on more than 30 widely used PC software packages and related hardware.

For £200 per PC (or less for large corporate customers), the PC user can call up the helpline using a toll-free number. Experience in the US, where the service is in operation, indicates that 95 per cent of queries can be answered in three minutes.

Company culture under scrutiny

DOES your company culture make it easy to introduce information technology systems successfully?

Companies are now finding the answer to this through an audit which analyses the company's potential for a successful IT installation.

The audit, developed by Roger Tomlin and Company, of St Albans, starts by conducting 15 interviews with company executives. The results of the interviews are compiled and then run against a database containing information on 800 blue chip European organisations.

Some of the 800 companies exploit their IT infrastructure well, others not so well and others badly. By comparing the audited company with these 800, Tomlin can determine how successful the client will be in implementing IT. A follow-up management seminar can help point the less successful companies in the right direction.

Perfecting fast transmission

NEC, the Japanese electronics company, has announced what it claims is a world record in optical fibre regenerators, the electronic widgets which sit on the fibre communications line and boost the light signal.

NEC's claim is to the first 10 gigabit per second optical regenerator – the equivalent of 40,000 pages of newspaper text. This will give a 400 per cent increase in transmission capacity over today's 2.4 gbit/s systems.

Until now the transmission of such large amounts of data down a fibre has been restricted because as the volume of transmission data increases the more difficult the perfect regeneration of the signal becomes. The NEC breakthrough is a device called a countdown timing extraction circuit, which makes possible the almost perfect regeneration of the huge amount of data.

Deflating those spare tires

THE answer to that bulging waistline could be a Finnish-developed fat substitute which is very low in calories.

The new food ingredient, developed by Alko, of Helsinki, is a derivative of cellulose, which does not break down in the human body and so produces few calories.

The CMC (enzymatically hydrolysed carboxymethyl cellulose) comes in a powder form but has fat-like qualities when used in cakes or cereals. Alko says CMC could be used in sweet or savoury foods, such as snacks, icings and cereals or it can be used for batters in fried goods.

The largest potential for CMC is in the growing market for low-fat spreads.

Contacts: NYK Liner Japan, 03 284 5374. CSIRO: Australia, 02 268 0111. Roger Tomlin: UK, 0727 50605. NEC: Japan, 03 454 1111. Alko: Finland, 0 28021. HDX: UK, 0529 284985.

هكذا من الاهلية

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
28	29	30	1	2	3	4

THEATRE

London

Jeffrey Bernard is Unwell (Apollo). James Bolam is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs. (437 2663).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. (839 5972).

Burn This (Lyric) Blistering performances from John Malkovich and Juliet Stevenson in Lanford Wilson's play about the mismatch of opposites (437 3686).

Singer (Barbican). Anthony Sher in Peter Flannery's modern Jacobean tragedy that reflects a darkly comic view of Britain since the Second World War. (638 8891).

Shadowlands (Queen's). Weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes Nigel Hawthorne and Jane Alexander into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb. (734 1166/439 3849).

Absurd Person Singular (Whitehall). Revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond, Richard Kane and Lavinia Bertram on fine form in a production which confirms Ayckbourn's early bleakness (071 867 1119).

Man of the Moment (Globe) Nigel Planer and Gareth Hunt in another Alan Ayckbourn play, this time about media manipulation (437 3667)

New York

Falsettoland (Lucille Lortel). It will be known as the musical about Aids first hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a Bar Mitzvah and his parents, all three of them (924 8782).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat random setting (246 0102).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London (239 6200).

Washington

Shogun (Opera House). The $6m. Broadway-bound musical by novelist James Clavell is bound to be compared to Sondheim's *Pacific Overtures* in exploring the origins of Western-Japanese contact. Kennedy Centre (467 4600).

Playboy of the Western World (Eisenhower). Abbey Theatre company brings what the Americans want to see to confirm of the view of the Irish as charmers. Ends Oct 21.

Chicago

The Iceman Cometh (Goodman). The Goodman opens its new season with a revival of vintage O'Neill starring film actor Brian Dennehy. Ends Nov 4 (443 3800).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. Performances at Kabuki-za (541 3131) are at 11am and 4.30pm and consist of mixed programmes made up of short or shortish pieces in a variety of kabuki styles.

Takigi Noh (Noh by Firelight). Outdoor performance of the noh play, *Ataka* – the famous story of the fugitive lord, Yoshitsune, and his wily servant, Benkei, at the Ataka Barrier (Thur). Preceded by a Kyogen comic interlude. Hibiya City (275 8094).

Cheek by Jowl in Hamlet. British fringe company making their Tokyo debut as part of the UK 90 Festival. Tokyo Globe Theatre (360 1151).

MUSIC

London

London Symphony Orchestra conducted by Michael Tilson Thomas with James Galway. Beethoven, McCabe, Debussy and Janaček. Barbican Centre (Sat) (071 638 8891)

Paris

Orchestre de la Suisse Romande conducted by Armin Jordan, with Julia Varady (soprano) plays Britten, Strauss, Debussy, Ravel (Mon). Chatelet (40282840).

Orchestre de la Suisse Romande conducted by Armin Jordan with Maria Tipo (piano) plays Mozart, Shostakovich (Tue). Chatelet (40282840).

Orchestre de Paris conducted by Jansug Kakhidze with Alicia Delarrocha (piano) plays Schumann, Shostakovich (Thur). Salle Pleyel (45638873).

Amsterdam

Netherlands Philharmonic with Theodora Geraets (violin), James Loughran conducting. Dvorak, Vaughan Williams, Elgar (Mon, Thur). Concertgebouw (781 345).

Moscow Conservatory Quartet. Tchaikovsky, Shostakovich, Stravinsky (Tue). Concertgebouw (718 345).

Utrecht

Netherlands Philharmonic with Theodora Geraets (violin), James Loughran conducting. Dvorak, Vaughan Williams, Elgar (Sat). Vredenburg (31 45 44).

Hague Philharmonic, Netherlands Concert Choir and soloists conducted by Aldo Ceccato. Rachmaninov, Scriabin (Sun). Vredenburg (31 45 44).

Brussels

RTBF Symphony Orchestra conducted by Andre Vandernoot with Suzanne Mildonian (harp). Boieldieu and Bruckner (Fri). Maison de la Radio.

Belgian National Orchestra conducted by Ronald Zollmann with the Duo Crommelynck (pianos). Dukas, Haydn, Poulenc, Ravel (Fri, Sun). Palais des Beaux-Arts.

Antwerp

Royal Flanders Philharmonic and Antwerp chorus conducted by Grant Llewellyn, with Jean-Claude Vanden Eynden (piano) performs works by Dukes and Franck. De Singel (Fri) (03-248 38 00).

Robert Höll (baritone) accompanied by Jozef de Beenhouwer (piano). Benoit, Brahms and Schumann (Tues). Rubenshuis (03-220 83 36).

Gent

Collegium Vocale chorus and instrumental ensemble conducted by Phillippe Herreweghe with Agnes Mellon, Howard Crook and Peter Kooy in Schütz's Psalms of David (Sat). Festivalhal Bijloke-abdij (091-25 77 80).

Barbara Hendricks (sop) with the Emerson string quartet performing Beethoven, Fauré, Glinka, Rachmaninov and Schubert (Sun). Festivalhal Bijloke-abdij (091-25 77 80).

Madrid

Bilbao Symphony Orchestra and choir conducted by Odon Alonso, with M. Jose Sanchez and Inmaculada Martinez (sopranos), Itxaro MENTxaka (mezzo-soprano), Manuel Cid (tenor), Luis Alvarez (baritone). (thur). Auditorio Nacional de Musica (337 01 00).

New York

Concerts: Mstislav Rostropovich (cello) with Lambert Orkis (piano) play Beethoven, Bach, Prokofiev, Tchaikovsky, Piazzolla (Mon); Philadelphia Orchestra conducted by Riccardo Muti with Kyung-Wha Chung (violin) plays Wernick, Bruch, Tchaikovsky (Tue); Juilliard String Quartet plays Schubert (Wed). Carnegie Hall (247 7400).

New York Philharmonic conducted by Zubin Mehta with Marvis Martin (soprano) plays Barber, Strauss (Tue); Zubin Mehta conducts with Vladimir Spivakov (violin). (Thur). Avery Fisher Hall, Lincoln Center (874 6770).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich with Justus Frantz (piano). Mozart, Shostakovich (Tue); Mstislav Rostropovich conducts with Wendy Warner (cello). Shostakovich (Thur). Concert Hall, Kennedy Center (467 4600).

Royal Concertgebouw Orchestra of Amsterdam conducted by Riccardo Chailly. Rossini, Schubert, Brahms (Wed). Concert Hall, Kennedy Center (467 4600).

Chicago

Chicago Symphony Orchestra conducted by Sir Georg Solti with Charles Pikler (viola). Shostakovich, Bartok, Dukas (Thur). Orchestra Hall (435 3322).

Tokyo

The English Concert conducted by Trevor Pinnock. Bach, Telemann, Vivaldi (Mon). Handel, Boyce, Arne (Tue). Casals Hall (295 9999).

I Solisti Veneti. Vivaldi. Showa Women's University Hitomi Memorial Hall, near Sangenjaya (Mon). (403 8011).

New Japan Philharmonic Orchestra conducted by Yuzo Toyama with Christa Ludwig (mezzo) plays Mahler. Suntory Hall (Mon). With Charles Spencer (piano). Schubert Winterreise. Orchard Hall (Thur). (289 9999).

Japan Philharmonic Orchestra conducted by Jun-ichi Hirokami plays Mendelssohn, Schubert. Suntory Hall (Thur). (234 5911).

EXHIBITIONS

London

Royal Academy of Arts. Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition has opened in London sending reviewers scurrying to explain the artist's double vision. Burlington House, Piccadilly (287 9579).

Paris

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.

Marmottan's Monets. For lovers of impressionism, the Musée Marmottan is a must. A charming town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends. Monet's love of London is represented by the Houses of Parliament. In the last 20 years of Monet's life, his garden in Giverny became his great inspiration. In glowing colours and changing light he painted its Japanese bridge and weeping willows and, above all, time and again the unforgettable Nympheas – waterlilies on still green waters. Musée Marmottan, 2 rue Louis-Boilly, closed Mon.

Grand Palais. Biennale Internationale des Antiquaires. Under the sign of Love in Art, 150 antique dealers, both French andforeign, cover a wide range of periods and styles and presenttheir prestigious exhibits in a *mise en scene* evoking thesplendour of the 18th century. Ends October 7.

Louvre. *Euphronios.* Some 60 objects, craters, amphoras and bowls testify to the art of Euphronios, painter and potter in the 6th century BC in Athens, in mastering the technique of red figures on black background. Euphronios and his friends of the Pioneers Group bring invention and originality to their representations of mythological subjects and scenes from everyday life. Open all days from 12 am to 10 pm. Ends Dec 31 (40205166).

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, objets d'art and photographs from the end of the romantic period to the beginnings of modern art and the Impressionist and post-impressionist collections formerly in the Jeu de Paume. Here they are counterbalanced by academic painters, their contemporaries, long derided for their pomposity. 1 rue Bellechasse (45494814). Closed Monday.

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important retrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. In contrast, the rather stylised two-dimensional portraits of his friends and of Jeanne Hebuterne, his last and tragic companion. (26 223978).

Brussels

Palais des Beaux-Arts. 5 million years: The Human Adventure. Man's evolution seen through 200 Paleontological exhibits. Daily ends Dec 30.

Musée d'Art Moderne, Place Royale. The Goldschmidt Collection of Modern paintings recently left to the museum is on view in its entirety for the first time. Works by Braque, Chagall, Hockney, Klee, Miro and others. Closed Monday, ends December 16.

Barcelona

Fundacion Miro. Joseph Beuys. Some 130 drawings on the theme oforiental philosophy in an interchange with the Keftner Gesellschaft in Hanover. Closed Mondays. Ends November 18.

Venice

Palazzo Grassi. From Van Gogh to Picasso – from Kandinsky to Pollock. Opening with Picasso's 1931 Woman with Yellow Hair and closing with Fernand Leger's 1950 Builders with Rope, this exhibition provides a truly delightful canter through modern art from the late 1870s onwards. Included in the group of paintings lent by the Guggenheim in New York are 32 works from the remarkable Thannhauser collection, none of which have been back to Europe since they were bequeathed to the museum in 1940.

Düsseldorf

Kunstmuseum, Ehrenhof 5. Conrad Felixmueller. Around 80 paintings, 80 watercolours, drawings, 40 prints as well as five plastics by the expressionist painter are on display until October 28.

Frankfurt

Jüdisches Museum, Untermainkai 14/15. Expressionism and Exile from the most important private collection of Ludwig and Rosy Fisher. 117 paintings are exhibited. Among the artists are Kirchner, Heckel, Nolde and Mueller. Until October 10.

Hanover

Sprengel Museum. Kaethe Kollwitz (1867-1945). Eleven plastics, 70 paintings 70 prints of the politically radical artist are to be seen until October 28.

Essen

Museum Folkwang: Vincent Van Gogh and Modern Art. On the 100th anniversary of Van Gogh's death, this exhibition aims to display his influence on European modern art. With 50 of his own paintings and 120 by other artists it shows his impact on art in the period 1890-1914. The exhibition moves to Amsterdam in Nov. Ends Nov 4. Goethestrasse 414300, Essen 1.

Villa Huegel 15. St Petersburg around 1800. With 555 pieces on loan from Leningrad's state Hermitage Museum, the exhibition details the developments of Russia from a great empire to a European power. St Petersburg was the residence of Peter the Great and acted as an intermediary between east and west. The exhibition covers the period from the 18th to the 19th century of Tsars Paul I (1796-1801) and Alexander I (1801-1825) in its role as the political, intellectual and economic centre of Russia. This unique show gives a clear, variegated view of the historical importance of the period of the Russian empire, with paintings, furniture, sculptures, costumes and porcelain.

Berlin

Martin-Gropius-Bau, Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe. This exhibition in Berlin will be the first organised by the German History Museum, with around 1,000 pieces on loan from 250 different museums from all over Europe and the US. Otto von Bismarck, born 175 years ago in Schoenhausen, was the German Imperial Chancellor and Prussia's premier before he was sacked by the young Kaiser Wilhelm II 100 years ago. The current political changes in Europe, particularly in East Germany, underline the importance of this exhibition, which also attempts to explain what happened after the revolution of 1848. Bismarck was at the centre of several conflicts in relation to industrialisation, social questions and the impetus towards forming nation-states in Europe. An accompanying programme includes literature, music performances, films and video. Until November 25.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter. Ends Jan 6.

Washington

National Gallery. Artistic dividends of the end of the cold war continue with a comprehensive show of Suprematist Kasimir Malevich and his Soviet contemporaries with works never before lent by the Soviet Union. Ends Nov 4.

Chicago

Chicago Historical Society. A House Divided, America in the Age of Lincoln. Documents, mementos and personal effects of the Great Emancipator.

Art Institute. The Russian Taste for French Painting is a tribute to the cultural impact of improved Soviet-American relations with its French masterpieces borrowed from the Hermitage and Pushkin Museums. Works from Poussin to Matisse include Manet, Renoir, Cezanne and Gauguin.

Tokyo

Hara Museum. Hara Annual 10. Since its establishment 10 years ago, this museum has held an annual show of young and emerging Japanese artists – a good opportunity to observe new developments and directions in Japanese art. Opens September 26.

Bunkamura, The Museum. Dante Gabriel Rosetti. For some reason, the pre-Raphaelites appeal to the Japanese sensibility, so this exhibition of some 120 paintings and drawings is likely to prove popular.

Setagaya Museum. British Art Now. 16 artists are represented, including David Mach who came especially to Japan to install a three-dimensional seascape made from 30 tons of old magazines. Closed Mondays.

ARTS

The year of '51

William Packer reviews the Arts Council's exhibition on the South Bank

In 1951, to coincide with the Festival of Britain, the Arts Council, then a mere stripling of some five years or so, commissioned 60 painters and 12 sculptors to produce work for a show that would tour the country, with the worthy intention of persuading local authorities of the decorative possibilities of large scale contemporary British art.

In the event not all the invited artists accepted the commission, but most did and the project went through with the usual kerfuffle attendant upon such enterprise: five purchase prizes of £500 were awarded of which that made to William Gear, for one of the few abstract paintings submitted, occasioned a question in the House. Gear, by a happy chance, is currently celebrating his 75th birthday with a one-man show at the Redfern Gallery in Cork Street (until October 12).

Festival of 51, the exhibition which now occupies the large foyer space of the Royal Festival Hall (until October 21), makes no attempt to reconstitute that first show, long ago irretrievably dispersed. Indeed it does not even limit itself to those artists who actually took part, for it was never intended as a thorough survey and there were several notable absentees to be remarked even at the time – John Piper, Graham Sutherland, Jacob Epstein, John Craxton and Alan Davie, while hindsight must add David Bomberg to the list. Piper and Sutherland, as it happened, were already committed to large decorative murals for the South Bank Site, Sutherland also to the great schemes for the new Coventry Cathedral.

The present exercise takes a broader view across the state of British painting and sculpture in the early 1950s, drawing almost entirely upon the Council's own collections. The dates of purchase are given, which show that almost everything was bought within a year or two of its execution, with nothing made earlier than 1947 or later than 1954, nor, with but a single exception, bought later than 1959. This was just as well, for having been so long in critical eclipse as being little more than second-hand and provincial modernism, the work of the period, under the safer label of Modern British, is now beyond the reach of all but the most generous of public purchase grants. Buy early and bravely or not at all, would seem to be the moral of the tale.

As for the show itself, it affords a two-fold pleasure: both the coming upon the major names again but represented by comparatively unfamiliar and, which is more to the point, youthful work, for a gratifying number continued to work long after 1951; and even more, perhaps, the discovery of how well so many of the less celebrated reputations stand up against their peers. Bacon and Freud, Moore and Nicholson, Davie and Sutherland all show to significant advantage, but for once, in a show like this, it is the Herons and Vaughans, the Gillies and Potters who draw the attention. It might be Prunella Clough, with her figure composition of fisherman at Lowestoft Harbour (1951), or Robert Medley with his *Summer Eclogue* conversation piece (1951) of cyclists resting beneath the trees, or again Josef Herman's monumental Welsh Miner (1948), but each is as admirable as it is memorable. Most surprising of all is *The Island*, by Elinor Bellingham-Smith (1951), a rare survivor from the first exhibition and, in its muted, almost melancholy charm, as decoratively effective as any.

The work is, of course, predominantly figurative, which was as much the character of the time as it is again today, but to make the point is to mark a significant difference. Whatever the degree of simplification, stylisation or mannerism in the final statement, each work of that earlier period was founded in knowledge and direct observation of the external and visible world. The empty fantasies and flatulent symbolism that today pass for figure composition, too often devoid of all objective knowledge and technical command, are their own reproach.

A final word of recommendation for the Curwen Gallery, off-shoot of the somewhat older Curwen Press, which celebrates its Silver Jubilee with a retrospective exhibition (until October 13: 4 Windmill Street W1). It covers much the same ground as *Festival of 51*, in terms of artists represented, though for the most part with more recent work.

'Lowestoft Harbour' by Prunella Clough

Miami City Ballet

DERNGATE THEATRE, NORTHAMPTON

After Balanchine, what? In the years following the choreographer's death in 1983, the question applied not only to New York City Ballet, but to classical dance everywhere in the US. Throughout Balanchine's American years, academic dancing had been given an identity, a purpose, a glorious function. Without a comparable genius to succeed him – and it was as likely that Petipa could have had an immediate heir as that Balanchine should – the task has been to consider the inheritance, to consolidate. And eventually, I suppose, to pray for a successor to Balanchine, as Balanchine was to Petipa. The scattering of the Balanchinian seed across America – that diaspora of City Ballet dancers who now direct companies the length and breadth of the country – is a significant factor in the continuation of Balanchinian classicism, and nowhere more immediately than in Miami.

Four years ago Edward Villella was asked to create a ballet company there, and the wise souls who invited him plainly realised the implications of this appointment. Villella was, for two decades, both a prodigious virtuoso and a prodigious artist with NYCB. For him Balanchine created Oberon in *A Midsummer Night's Dream* and those dazzling portraits of a male star at his most physically daring, *Rubies* and *Tarantella*. As the Prodigal Son and as Apollo, passion and integrity were united in Villella's blazing interpretations. To bring such a figure to build a company presupposes that it will be based upon the rigorous foundations of Balanchine's classicism. (The analogy with Ninette de Valois establishing her Vic-Wells troupe on a bedrock of Petipa stagings within its first four years, is not inapt).

Thus the Miami City Ballet, which is making its British debut at the Derngate Theatre in Northampton this week. Its repertory already boasts some 16 Balanchine works, but the company also has its own choreographer. Staff and dancers are, many of them, graduates of NYCB or of the School of American Ballet. Yet this is not, as I saw on Wednesday night, a child dressing up in its parent's clothes. There is already a company style and personality. The programme was all-Balanchine: *Concerto Barocco, Tarantella, Apollo* and *Square Dance*, given with a responsiveness, a whole-hearted devotion to the choreography, that made the dance live. Of course there is not yet that supernal gloss which is the province of NYCB in such matters. Miami offers something still coltish, but with the energies of a young ensemble that is eager to succeed, with a spark of Latin fire to drive movement onwards .

I found the *Apollo* most impressive on these terms. It is a very good staging, the drama and dynamics pungent, sharp on the palate, and Franklin Gamero burst from the swaddling bands into a strongly marked portrait of the young god, each action and step clear and bold. Some companies, taking on the Balanchine repertory, are numbed by the responsibility, and the resultant interpretation is more novocaine than dance. It is the credit of the Miami dancers – and in this they must reflect Villella's own qualities as an artist – that they show Balanchine's creativity without reserve or indecision. The marvellous *Square Dance* had an attractive frankness in performance; the divine geometry of *Concerto Barocco* was laid out before us without false piety or fuss. (*Tarantella*, taken at a cracking pace, was rather gabbled, though Paulo Mano de Sousa coped manfully, and Marcia Sussman – a notable Polyhymnia in *Apollo* – had a quick physical wit).

What Miami has done in four years with its City Ballet – thanks to Villella – is to extend the significance and potential of Balanchine's view of American classicism. These are vital first steps; they are the right ones; and I hope they lead on to great things.

Clement Crisp

Verdi Requiem

ROYAL FESTIVAL HALL

The drumroll for the National Anthem will have delivered a rude jolt to those expecting Wednesday evening's concert to begin with the hushed opening lines of Verdi's Requiem. Otherwise this performance provided a fine opening night to the season on the South Bank and, on two counts in particular, a most auspicious one: the hall was packed and the evening had been sponsored by the *Financial Times*.

On the way in one lady was heard to remark that this looked to be a very "English" Verdi Requiem. When one of the soloists was born in South Africa and another in Jamaica, that could hardly be regarded as an accurate description; but in so far as all four of the singers and the conductor have at some time been associated with English National Opera, often in the formative years of their operatic careers, one can see what she meant.

To have, in Mark Elder, a conductor from the theatre is unquestionably the right decision for this work. In the past there have been times when I wished that Elder, having rehearsed his Verdi to a high degree of accuracy, would let himself go on the night. On this occasion the music was as clear and sharp as ever, but the performance also took off with the sort of intensity that has sometimes eluded him in the opera-house.

No doubt it helped that he was at the head of a first-rate orchestra. The "Dies Irae" went at a white-hot speed and both there and in the following "Tuba mirum" Elder lit up the Royal Philharmonic Orchestra's brass section with a bright, raucous Italian sound far removed from its customary refulgence. Nor did the Brighton Festival Chorus and Collegium Musicum of London let him down in his swiftly dancing tempo for the "Sanctus".

Such problems as there were resided with the soloists. In theory there was little in common between Elizabeth Connell's disciplined but glacial soprano and Linda Finnie's undisciplined but generous mezzo; or between the beautifully liquid singing of the tenor, Edmund Barham, and the imposing, gravel-like bass of Willard White. But somehow they seemed to find a way to work together as a real quartet. In sum, a very alive performance and a good start to the season.

Richard Fairman

Moscow Gold

BARBICAN THEATRE

There was a most unusual triumph at the Barbican on Wednesday night. The play about Mikhail Gorbachev by those left wing stalwarts, Tariq Ali and Howard Brenton, and performed by the Royal Shakespeare Company turned out to be a huge success. *Moscow Gold* is a mixture of documentary and burlesque about events in and around the Soviet Politburo in the last few years or so. It works on every level. The documentary part is very largely accurate; there has plainly been a great deal of research. The burlesque is very funny rather in the style of a dramatisation of "Dear Bill" in *Private Eye*.

There is a great deal else besides: some splendid sets designed by Stefanos Lazaridis and some fine costuming and make-up. David Calder looks the very image of Gorbachev, Russell Dixon could well be mistaken for Boris Yeltsin whom he plays, and the same goes for Craig Pinder as Eduard Shevardnadze, the foreign minister.

The story will be pretty well known to anyone who reads the newspapers. Gorbachev is out to establish glasnost and perestroika and is fighting against the conservative opposition, notably from Ligachev, and the general resistance to change. Above all, he is fighting against time, as he is repeatedly warned not only by Yeltsin, but also by the Gorbachev mentor, Yuri Andropov, and V I Lenin from beyond the grave.

For there is a also good deal of poetic licence. Gorbachev has frequent conversations with Lenin who advises him not to regard Soviet borders as sacrosanct and to come to terms with Germany. "Have you read the *Financial Times* today?" Lenin asks him. Unfortunately the answer is "no", but Lenin tells him that the Frankfurt stock exchange has overtaken London. That must mean something, he argues.

Much of the burlesque comes with Raisa, played by Sara Kestelman. She enters late and is first seen sitting up in bed with her husband. She reads the KGB despatches from London. One of the agents has reported that Mrs Thatcher has taken to painting a little strawberry mark on "Mr Denis's" head.

There is, too, the occasional burst into song. Raisa swaggers about in a yellow silk pyjama suit and fur coat singing: "As I walk around the Kremlin with my independent air." But do not forget the serious parts. Gorbachev does go to East Berlin to confront the hard line leadership of what used to be the German Democratic Republic. He seems – in a piece of permissible exaggeration – almost to order the pulling down of the Berlin Wall on the spot. He does have to face the the near civil war in Armenia, the striking miners, the Baltic Republics and, most of all, a Soviet people who no longer believe in promises. The logic is for Gorbachev and Yeltsin to get together.

The ending is a clever bit of theatre. There are two of them, one tragic, one happy and funny. You can take your choice.

Malcolm Rutherford

From the House of the Dead

NEW YORK CITY OPERA

I returned to New York to find the City Opera, ENO-like for a while, engaged on 20th-century operas: within a week, revivals of *Street Scene*, *Tosca* (let's not be pedantic about which century 1900 falls into) and *Madam Butterfly*, and new productions of *From the House of the Dead* and *Moses and Aaron*. The Janacek had its American premiere (barring a 1969 television abridgment) only seven years ago, in concert performances with the Philharmonic, conducted by Kubelik. David Pountney's famous production has been seen in Vancouver. The City Opera gives the first US staging.

America's Janacek annals are altogether somewhat odd. Long before *Jenufa* had reached London, the Met did it – back in 1924, with Jeritza (and it was shamefully reviewed by Ernest Newman, the guest critic of the *Post*: "a collection of undesirables and incredibles . . . music that is obviously the work of a man only a cut above the amateur"); 50 years later it returned, with Teresa Kubiak and Vickers, but it has never been revived.

Katya, even though it is one of Hildegard Behrens's roles, has never had a professional New York production. San Francisco and Houston have ampler records; a few years ago Boston staged an unforgettable *Makropulos*, with Anja Silja; and the City Opera has often played *Makropulos* and the *Vixen*.

I thought the new *From the House of the Dead* rather disappointing – the least stirring account of the wonderful opera that I have heard. Hard to say exactly why, but perhaps three things conspired. One, the sheer size of the house, a 3000-seater, in which (at any rate where I sat) most of the words were inaudible. (Yveta Graf and Robert Jones's excellent translation was used.) Another, Rhoda Levine's uninspired production, hovering uneasily between stock realism and mannerism. All three narratives were delivered downstage to the audience, not to listening companions – but in a half-hearted manner, without the boldness, seconded by staging and lighting, that might turn a New York audience into fellow-prisoners. Prison "work" consisted of moving pillows about from place to place. John Conklin's set was three grey walls, with a section at the back lifted for the riverside act.

Third, Christopher Keene's conducting was brisk, unemotional. He puzzles me. I've watched him in rehearsal and know how acutely, sensitively, passionately he responds to scores. Comes the night, sometimes his arms, right arm varied with an occasional left, fly like the spokes of mechanical semaphore – the baton a grabbed piece of wood, not a delicate indicator. Then of give-and-take with the singers, catching the inspiration of the moment, there seems to be small trace, and the orchestra tends to play at a steady mezzo-forte, accurately and brightly but without rubato, without individual inflexions, without "utterance". Janacek's opera lives, above all, in the utterance of the instrumental lines.

This is worrying. Keene is the new head of City Opera, and his plans for it are exciting. Now that the Met has become part of the commercial round, most of what goes on there is without interest; the City Opera, after some unhappy years, promises adventure again. Yet here was one of our century's masterpieces, in its American premiere, delivered without passionate articulation of each instrumental phrase.

Let me add, however, that my performance – the last of the run – was given while the intensive *Moses* rehearsals reached their climax. This *Moses*, also conducted by Keene, is hugely promising, a huge achievement. Keene, like Solti at Covent Garden in 1965, has allowed critics' rehearsal attendance, but I must say no more until after the first night.

Even at less than full strength, *From the House of the Dead* was powerful. Jon Garrison's Skuratov was lively. Eugene Perry's Shishkov – whose long narration gives him the largest role – began well, and almost he brought to life the unseen, unheard except through him, Janacek heroine Akulka. (Long before *Billy Budd*, Janacek wrote an all-male opera.) Harlan Foss's Alexander and John West's Commandant were excellent. And so were several of the smaller roles.

Andrew Porter

Simpson's Tenth

PURCELL ROOM

The Coull Quartet gave Wednesday's recital in aid of Musicians Against Nuclear Arms (MANA), and made as its centrepiece Robert Simpson's Tenth String Quartet (1983). This is dedicated to the Coull "in friendship" and subtitled "For Peace"; Simpson is one of MANA's patrons. So the choice was highly appropriate for such an occasion. The work itself, no less important, possesses high distinction of a rare kind: extreme technical sophistication and a considerable amount of strong feeling are both concealed under an undemonstrative surface.

Some of Simpson's essays in sonata form – symphonies as well string quartets – undertake powerful, even fierce, episodes of struggle, of oppositions reconciled only after heated argument. The Tenth Quartet is not like that. In common with one of the softer-spoken Shostakovich quartets (the Third, say), it starts as a courteous, quiet-voiced conversation between the four parts, with occasional hints of assertiveness (a repeated-note figure gently but insistently uttered proves to be cumulatively significant) which briefly build up into a climax.

The same happens in a short, elfin Scherzo; it is in the long, slow concluding Adagio that the "conversation" – sometimes pared down to two counterpointing parts – fully attains the seriousness promised earlier. The point of the work, and of its subtitle, is the avoidance of conventional (and expected) aggression, but the final melodic euphony, which is at the same time a masterly gathering-together of motivic strands, is by no means passionlessly arrived at.

Simpson's chamber-music is still too seldom played, and therefore any chance to hear it is gratefully seized. His achievement of a cogent and personal language – one which may look back to Shostakovich, Nielsen and the Classical symphonists but which looks forward in its own special way – is extraordinary, without parallel in our day. The Tenth was played with marvellous sympathy and control (particularly acute in terms of dynamics) by the Coull, who also offered Beethoven's Op. 95 and, at the start of the recital, a civilised and finely phrased (if at times slightly low-temperature) account of the Dvorak "American", Op. 96.

Max Loppert

ARTS GUIDE Sept 28-Oct 4

OPERA AND BALLET

London

Royal Opera, Covent Garden. The opening production of the season is *Turandot*, in a production by Andrei Serban that counts as one of the company's most colourful and imaginative efforts of the last decade. Ghena Dimitrova, Vladimir Popov, Lucia Mazzaria and Robert Lloyd take leading roles, and Colin Davis is the masterly conductor.

Dance. *Dancing in London* means the Ballets Africains at Sadler's Wells until Saturday. They are followed on Tuesday by Adzido, a pan-African dance ensemble.

Paris

Opéra. Gala opening with the stars and ballet corps in choreography by Lifar, Béjart, Balanchine, Jerome Robbins and Roland Petit (Wed) followed by Serge Lifar soirée (Thur). Palais Garnier (47425371).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in Verdi's *Simon Boccanegra*. Sylvain Cambreling conducting, with sets by Gilbert Deflo and staging by Carlo Tommasi. The cast includes Jose van Dam/William Stone as Simon.

Amsterdam

The Netherlands Opera with its acclaimed new production of Richard Wagner's *Parsifal* directed by Klaus-Michael Grüber. Netherlands Philharmonic conducted by Harmut Haenchen, with Barry McCauley in the title role (Sun matinee, Wed). Muziektheater (255 455).

The Hague

Nederlands Danstheater with three Kylian ballets: *Overgrown Path*, *Svadebka* and *Sarabande* (Fri, Sat, Wed). AT&T Danstheater (360 4930).

Barcelona

Luciano Pavarotti *in concert* accompanied by the Orquestra Ciutat de Barcelona (Sat). Palau d' esports Sant Jordi.

Concert of opera choirs conducted by Romano Gandolfi, with soloists Marion Vernette-Moore (soprano), Jaume Aragall (tenor) and Stefano Palatchi (bass) (Fri, Sat, Sun). Gran Teatre del Liceu (412 14 66).

New York

Metropolitan Opera. The season continues with Franco Zeffirelli's production of *La Bohème* with Mirella Freni, Placido Domingo and Brian Sxhexnayder, conducted by Christian Badea along with Zeffirelli's production of *Don Giovanni*, as well as *Rigoletto* conducted by Guido Ajmone-Marsan with Jerry Hadley in Otto Schenk's production (362 6000).

Chicago

Lyric Opera. Wolfgang Brendel has the title role in *Eugene Onegin*, conducted by Bruno Bartoletti in Pier Luigi Samaritani's production, with Anna Tomowa-Sintow as Tatiana and Gosta Winbergh as Lensky. Civic Opera House (332 2244).

Concern over art exports

Once again in its annual report, published yesterday, the Reviewing Committee on the Export of Works of Art, was forced to say "we cannot pretend that our system of export controls is working." Indeed at a time of ever rising prices in the art world, and for five years a frozen purchasing grant for the UK's museums and galleries, the situation is deteriorating rapidly.

Since January 1, 1989, the Reviewing Committee on 24 occasions has recommended that a decision on an export licence should be deferred to give British galleries and museums the chance to raise a matching bid for the work of art. On only three occasions has the treasure been retained: in one other case the new owner refused to accept a museum's offer and on another occasion no reply was received. This makes it the most unsuccessful year in the history of the Reviewing Committee.

The Committee does not blame the export system: it blames the Government for freezing museum purchasing grants since 1985. If no extra money is available for heritage retention it recommends that the UK follows the German practice and introduces a form of listing of national treasures "with an absolute prohibition on the export of a small number of paramount objects."

The Committee's report is mainly taken up with the decision of the former Minister of Trade and Industry, Mr Nicholas Ridley, to allow individuals to put up matching bids to retain works of art in the country. This was a measure of desperation to save the marble sculpture of The Three Graces, threatened with export to the Getty. The Barclay brothers offered to match the price, although, to date, the owner of the statue has refused to sell.

The Committee is very much opposed to private offers. It says "there are circumstances in which, if British public collections were unable to acquire a heritage object, it would be preferable for it to go to the Louvre or the Getty Museum, where it would be available for study, rather than to be acquired and kept in this country by an unco-operative private owner." The Committee is concerned that individuals might acquire national treasures under the new procedure, hold on to them for a few years and then sell them abroad at a substantial profit.

Among the works of art lost to the UK in 1989-90 against the advice of the Committee were the bronze statuette "Dancing faun" by Adrien de Vries; a Madonna and Child with St Lucy by Annibale Carracci; "The fall of Phaethon" by Rubens; two fairground rides; two decorated Colt pistols of 1853; a drawing by Claude; and a 19th century marble statue "The eagle slayer" by John Bell.

Antony Thorncroft

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Time to join the ERM

MR JOHN MAJOR suffers from a severe case of lack of credibility. Not to put too fine a point on it, few believe a word he says. There is nothing personal about this. On the contrary, the chancellor gives the impression of finding the very thought of financial profligacy repugnant. But he is a politician.

Ambitious politicians who are also chancellors of the exchequer have a not entirely unjustified reputation for trying to buy elections. It is this reputation and the costs it imposes on the UK that represents the strongest economic argument for entering the exchange rate mechanism of the European Monetary System as soon as possible.

The previous chancellor pledged, in a speech to the Conservative Party conference just four years ago, that the government's objective in the next parliament would be the elimination of inflation. No wonder few take the pronouncements of his successor seriously. Bond markets certainly do not: the gap between the yield on bonds and index-linked gilts suggests that inflation is expected to be about 7 per cent in the long term. Nor does the Confederation of British Industry, which states that interest rates must be cut before the end of the year if a recession is to be avoided.

Why does the CBI presume that a recession either can or should be avoided? Wage inflation will not be reduced to a level consistent with a stable exchange rate within the exchange rate mechanism of the European Monetary System (something regularly called for by the same members of the CBI) without rising unemployment and, at best, very slow growth.

Unconstrained control

The lack of credibility of a chancellor who retains unconstrained control of all policy instruments matters. If businessmen (not to mention trade unionists) believe a recession can, should and will be avoided, the recession that is needed will be far worse than if they believed the opposite.

In short, Mr Major needs to take sterling into the ERM to add some credibility to the disinflationary policy of a government already under formidable pressure to lower rates of interest. None the less, the act of entry would hardly transform British expectations to those of the Germans. For a country with a comprehensively liberalised financial system and considerably higher inflationary expectations than in the core countries of the ERM, entry is risky.

A conflict is likely to emerge between short-term expectations of relative exchange rate stability and medium- to long-term expectations of sterling depreciation. Once a floor has been put on the exchange rate, interest rate differentials may bring in short-term money, drive up the rate of exchange and put downward pressure on rates of interest.

The result could be yet another borrowing-led, inflationary expansion. Unless employers and employees in internationally open sectors of the economy take the fixed exchange rate seriously, the damage to the economy would then increase until finally they do.

Converging expectations

Note that these risks cannot be eliminated by waiting until current rates of inflation start to converge on those of ERM member countries. What is needed for a less risky entry is not convergence of actual inflation on German levels, but convergence of inflationary expectations on the German norm. That will take many years to achieve even within the ERM. Outside it, such convergence will probably never happen.

While there is little reason for delay, sterling does have to go in high, for two reasons: first, going in low would merely postpone, not avoid, the profitability squeeze, which is bound to come if inflation is to be reduced; secondly, interest rates will have to be kept considerably higher than in the main ERM countries for some time. This will be difficult if the general expectation is that sterling is more likely to rise to the top of its band than sink to its floor.

Going in high became easier when rumours of entry pushed sterling up. Its current tendency to decline is itself a good reason for early entry. There is also a strong economic case for taking the present rate as the bottom of a wide band. With large interest rate differentials in sterling's favour, the result is likely to be an appreciation, which would tighten the squeeze and offset the expected reduction in interest rates.

The UK's long flirtation with the ERM has become as embarrassing as its results have proved disappointing. The main questions for the Chancellor are not how to go in painlessly or risklessly – he cannot; nor how to choose the perfect moment – he will not; nor, least of all, how to gain the greatest short-term political advantage – he should not. It is how to use ERM entry as a way of strengthening, not undermining, the credibility of the government's disinflationary policy. This can be done; it should be done now.

Trying again with Iran

THE RESUMPTION of diplomatic relations between Britain and Iran deserves a cautious welcome. It does not mean, and should not be taken to mean, that all problems between the two countries are resolved, still less that the two governments see eye to eye on all subjects. It means that they see a common interest in discussing their differences through direct and regular channels of communication, which is what diplomacy is for.

Technically it was Iran which broke relations with Britain last year when its parliament voted to sever relations over Britain's refusal to denounce Mr Salman Rushdie and his novel The Satanic Verses. But in substance that did little more than formalise a *fait accompli* created by Britain when it closed its embassy in Tehran, and expelled the Iranian *chargé d'affaires* in London, demanding a retraction of Ayatollah Khomeini's death sentence on Mr Rushdie. That decision was dictated partly by British public opinion, rightly outraged by the sentence, and partly by fear that British diplomats would be harmed or taken hostage in the inflamed atmosphere it had created. There may also have been a fear that the Iranian embassy in London, if it stayed open, could be used as a base by terrorists seeking to carry out the sentence.

Similar conclusion

In any case, as Sir Geoffrey Howe, then Foreign Secretary, said at the time, government concluded that "in our own particular case it is neither possible nor sensible to conduct a normal relationship with Iran." The conclusion was similar to that reached about Libya, after a British policewoman was killed by a shot fired from inside the Libyan embassy, and about Syria when Mr Nizar Hindawi was given shelter in its embassy after attempting to blow up an Israeli airliner.

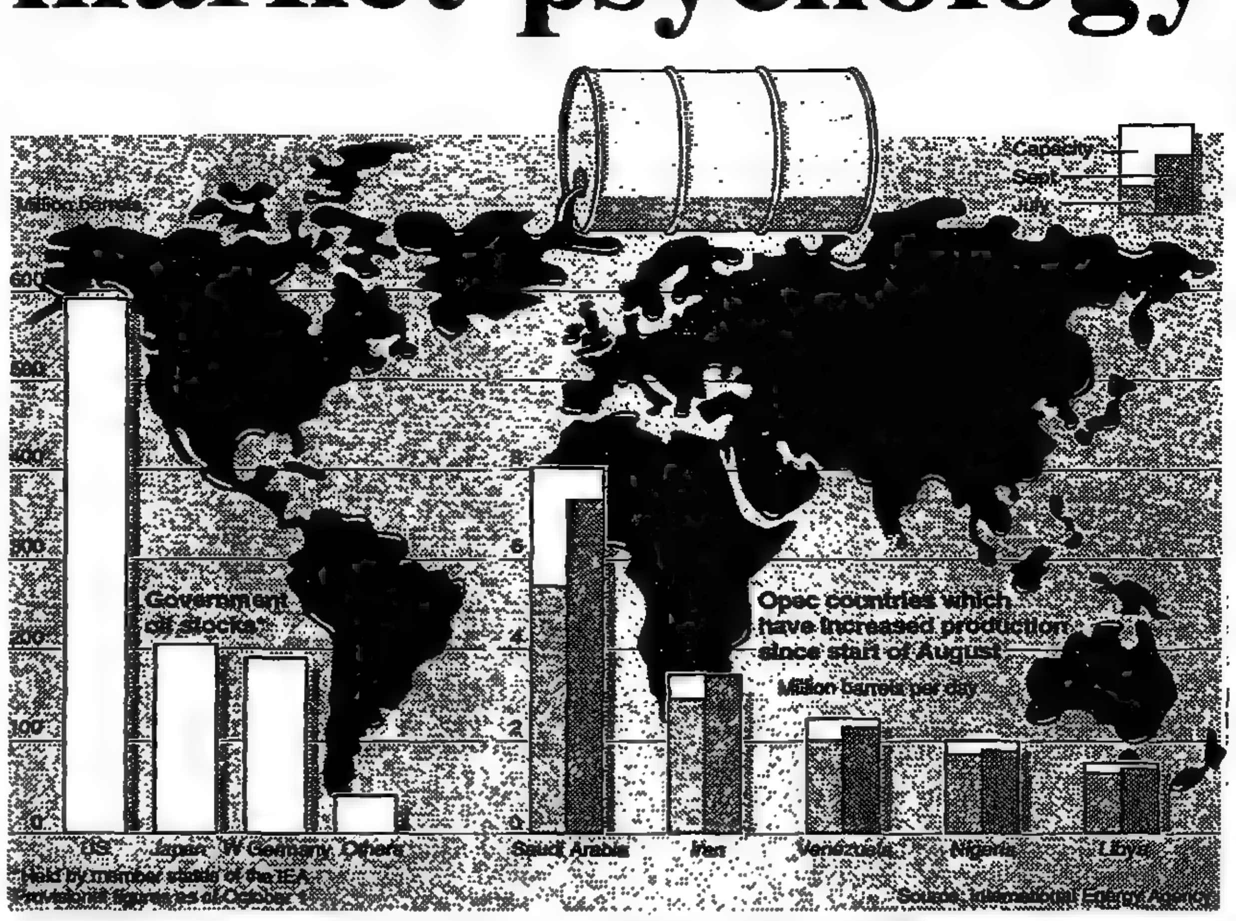
Normal relationship

Evidently Sir Geoffrey's successor, Mr Douglas Hurd, has satisfied himself that "a normal relationship" with Iran in this sense is now possible, and that outstanding problems such as the fate of Mr Roger Cooper, a British businessman now imprisoned in Tehran, and of British hostages held by groups in Lebanon over whom Iran is believed to have influence, have a better chance of being settled after relations are restored than before. Iran has not formally rescinded the sentence against Mr Rushdie, but it is doubtful whether any one in Iran has the authority to do so now that the "Imam" himself is dead. The Iranians have said they will respect international law. That will not be much consolation to Mr Rushdie, who remains in hiding from the wrath of any self-appointed Moslem executioner. But it seems unlikely that the government could do any better for him by holding out. At least it has not complied with Iranian demands that his work be censored.

In other respects Iran, besides being in itself an important country and potentially a very valuable trading partner, has become a kind of ally in the struggle against Iraqi aggression. Its compliance with UN sanctions could be decisive and needs to be encouraged, as does the generally pragmatic approach of its president, Mr Ali Akbar Hashemi Rafsanjani. It is not the time to start selling Iran weapons – that kind of mistake has been made all too often in recent Middle Eastern history. But it *is* time for another try at normal relations.

With oil supplies adequate and governments well stocked, the world is wondering why prices have leapt. **Steven Butler** reports

A question of market psychology



The governing board of the International Energy Agency meets in Paris this morning to solve a perplexing riddle. Why has the price of oil doubled since Iraq's invasion of Kuwait on August 2, when the supply of crude oil and refined products has proved broadly adequate, and demand looks set to weaken?

Even more perplexing, should the 21 industrialised countries that make up the IEA membership do anything to influence supply or demand in the absence of an obvious shortfall of crude oil?

The answer to the second question, we know in advance, is that the IEA will do nothing but talk. This is because leaders of the western capitalist democracies have come to a startling conclusion: that the market has got it wrong. The view is that $40 a barrel for oil is "unjustified" because oil supplies are adequate.

US President George Bush was only the latest to deliver a stern lecture to oil traders late on Wednesday, when he also announced that the US would sell 5m barrels from government stocks just to test the system.

"There is no justification for the intensive and unwarranted speculation in oil futures," he said. Mr Bush said traders were not taking into account the high level of commercial stocks and the additional production coming from many sources.

Mr Antonio Cardoso e Cunha, the European Community energy commissioner, had sharp words earlier in the week when he called the latest surge in oil prices "totally unjustified and indefensible". He accused oil traders of speculating at the expense of consumers.

Even so stout a believer in free markets as Mr John Major, the British chancellor of the exchequer, appears to believe the markets have lost their way. At the IMF/World Bank meeting in Washington, he said: "So far as one can see – in terms of the loss of oil production which seems to be about 2 per cent – there is no instinctive justification for the oil price being at its present level for a continuing period. At the moment, it is market psychology that has taken the oil price to its present level."

Since high prices result from psychology rather than supply shortfalls, the reasoning continues, government intervention would be unwarranted – even potentially dangerous – because no one knows for sure how an irrational patient would respond to treatment.

World leaders are remarkably united in the view that oil prices at current levels are unjustified, but are they right? Is the world really just suffering at the hands of unprincipled speculators?

At face value, the analysis presented by oil companies and the IEA certainly shows little cause for concern about supplies. At the start of the crisis, total stocks on land in the industrialised countries were at high levels, amounting to 98 days of forward consumption on July 1. By comparison, at the start of the last oil shock in 1979, total stocks amounted to only 80 days of forward consumption.

The size of the oil shock, measured in terms of net loss of production, also appears small this time because, unlike in 1979, plenty of spare production capacity is available. Iraq and Kuwait were exporting about 4.3m barrels a day of oil before Iraq invaded Kuwait. The IEA estimates that Opec countries can make up about 3.7m b/d on average in the fourth quarter by exceeding production quotas agreed in late July.

Before the current crisis, the world had been expecting 22.5m b/d from Opec until the end of the year, on the basis that member countries would stick to their quotas. The IEA still estimates the world will be getting about 22.2m b/d from Opec. This is certainly a tighter market than had been expected, but hardly enough to explain a doubling of prices, especially when oil stocks are so high and when IEA demand projections have been lowered by 500,000 b/d for the fourth quarter.

The supply of refined products is more difficult. Kuwait had been exporting about 750,000 b/d in refined products from sophisticated refineries. Other product exports from the Middle East have also been curtailed in order to supply the armed forces which have massed there. The crude oils coming to the market are also chemically heavier and will not produce as much light product, such as petrol, jet fuel, or the chemical feedstock naptha, without sophisticated refining equipment, which is unavailable.

President Bush joined a chorus of leaders when he said: 'There is no justification for the intensive and unwarranted speculation in oil futures'

Yet while the IEA is predicting regional tightness in some product markets, even if everything goes well, this too is insufficient to justify the enormous leap in prices.

One other possible explanation for the rise in prices might be a speculative build-up of commercial stocks. But the IEA rules this out, too. It says that rather than stockpiling, oil companies are drawing on stocks in a sensible manner to cope with the crisis. The IEA had earlier projected a 600,000 b/d increase in commerical stocks in the third quarter, when companies normally prepare for high winter demand. The IEA now believes that commercial stocks will be flat during the period, showing evidence that oil companies have responded to IEA calls to moderate crude oil purchases.

Having systematically eliminated supply, demand and stock movement factors as an explanation of price rises, the only factor left is psychology. That, in itself, should not be any great surprise. Psychology is always the determining factor in the market, where prices are struck on the basis of a common view on current and future market conditions.

And in current circumstances, it should not baffle political leaders that market psychology is alarmed. Oil buyers are willing to pay a high price for oil today because they fear that disruptions to supply will force them to pay more for it next week or next month. Because of the threat to supplies caused by a possible Middle Eastern war, oil companies would naturally prefer to hold more stocks, just as a motorist would fill up the tank today if prices are going up tomorrow.

Oil companies, however, collectively cannot do this because of simple arithmetic: oil in stocks cannot increase unless either supplies go up or consumption falls. This, none the less, will not stop companies from wishing to buy more oil. If it is not available in sufficient quantity as is the case today, prices naturally go up. Therefore, contrary to what the IEA says, the failure of commercial stocks to rise is not the result of any co-operative behaviour on the part of the oil companies. The companies have simply bid up the price of oil to a point where they consider it too risky to restock.

Psychology is always the determining factor in the market. And in current circumstances, it should not baffle political leaders that market psychology is alarmed

Fears of a supply disruption are being reinforced by the IEA's own market analysis. The IEA says that while supplies of oil are adequate, it does not wish to release government stocks of oil held by member countries just in case a genuine supply crisis emerges with, for example, a disruption to Saudi Arabian exports.

Yet if the IEA feels it must "keep its powder dry", why should not the oil companies do the same and stock up on oil in case of a real emergency? If they did, and high prices today were to lead to reduced consumption, more supplies would be available in the future when they might be needed even more.

On the other hand, if western governments are so confident that supplies are secure, and that President Saddam Hussein's threats to destroy Middle Eastern oilfields are merely bluster, why not flood the market with government oil stocks? Governments would make an enormous profit at today's prices and could buy back the oil much cheaper later on, saving taxpayers billions of dollars.

The IEA has calculated that given no greater disruption to supplies than has already taken place, oil companies would have to draw 1.5m b/d from commercial stocks in the fourth quarter, and 1.3m b/d in the first quarter of next year in order to balance the market.

This analysis, however, appears to ignore the fact that while government-held stocks have ascended to historic highs, commercial stocks are near historic lows. Since 1974, midsummer commercial stocks have fluctuated as high as 92 days' forward consumption, but never fell below 70 days until the price collapse of 1986 made supply problems seem to disappear. A stock level of 65 days' forward consumption next April, which is what the IEA projects, would be the lowest at least since 1974 for that time of year.

Yet even this assumes moderate winter weather, no strikes, and no refinery or production equipment breakdowns. Is this realistic when machinery is under strain from being run at full capacity? And is this analysis really supposed to reassure the market?

Oil prices have risen to $40 a barrel today when oil stocks are supposedly plentiful. What will happen when, as the IEA projects, they are steadily drawn down over the winter? Mr Philip Verleger, a US energy economist, calculated in early September that the market was already implying that the price of US West Texas Intermediate crude would exceed $45 a barrel during the fourth quarter of this year and the first quarter of next, stay above $40 a barrel for the rest of 1991, and continue in the mid to high $30 range for two more years.

But Mr Verleger argues that a large release of government stocks could drive prices down to $22 a barrel. Aside from the keep-your-powder-dry argument, some have opposed government stock releases on the grounds that markets would conclude that a genuine supply crisis was at hand and drive prices still higher. This, however, appears an argument against ever releasing stocks and a good rationale for cementing over the giant salt caverns that hold the US's 590m barrels of strategic reserves. Obviously the manner of releasing stocks needs careful consideration, but it certainly should be possible to do this in a way that calms the market.

Others argue that oil released from government stocks would simply swell private stocks. This, indeed, would happen by definition unless demand were unexpectedly to plummet – oil companies would rush to buy some of the released oil for their stocks. But that is the point. Commercial stocks are not in reality so plentiful and that is why prices are soaring. If governments do decide to release stocks they in any case have no choice but to sell to the market.

One possibility would be for governments to manage their strategic reserves as though they were part of the market and try to make a profit. If they believed supplies were going to be disrupted – and governments should have the best intelligence – they would hang on and sell oil when prices go still higher. If they really believed supplies would remain stable, they would have the opportunity to make a quick buck while bringing down oil prices.

Arab debts take toll

■ *The Institut du Monde Arabe*, housed in one of the most spectacularly beautiful of the architectural monuments erected in Paris under Mitterrand's presidency, is the latest victim of the crisis in the Gulf.

The institute is publicly funded, 60 per cent by the French government, the rest by governments in the Arab world; but it has run into a financial crisis, and yesterday 50 people – a quarter of the staff – were given notice.

The most immediate problem is that Kuwait, normally a regular contributor of its share of the FFr100m (£10.2m) budget, is this year claiming to be unable to pay up the required FFr6m. In fact, Kuwait's problem is just the last straw in a long deterioration in the institute's finances, which is suffering from the failure of Arab governments to pay their dues.

Morocco and Tunisia have both tended to be up to date with their payments, but a number of other, much richer countries are way behind: Saudi Arabia, Egypt and the United Arab Emirates each owe FFr18m, and Libya owes FFr17m. Iraq, despite its long and close friendship with France, has never paid a sou, and owes FFr15m.

Arrears accumulated by the Arab member governments total FFr140m. With oil approaching $40 a barrel, you would think they could do better than that.

Remould

■ Hachette Publications, the $5bn French multimedia group best known for Elle magazine, is using the departure of Peter Diamandis, chief of its US subsidiary, to remould the American company in its own image. Diamandis quit suddenly along with two other senior executives.

OBSERVER

Hachette, which acquired Diamandis Communications in 1988 for a hefty $712m (£382m), is to rename the group Hachette Magazines, and has already appointed its own chairman, Daniel Filipacchi, to head the US operations.

Diamandis formed the company by taking over the then seventh-ranked US magazine publisher from CBS in October 1987 for $650m. He then sold off some $300m in assets before making the deal with Hachette.

His relations with the French parent had been strained for some time. He was upset by its decision last spring to auction Woman's Day magazine. In the event, it was taken off the block when bids fell far short of the $200m target price.

Another bone of contention was Hachette's plans to cut publication of Memories, Mr Diamandis' brain-child news-nostalgia magazine, from six issues a year to two.

"Peter agreed it was not the best time to put money in a new publication, because of softness in magazine advertising, but he wasn't happy," a Hachette executive said.

In the family

■ Stephanie Proctor, Trusthouse Forte's 26-year-old head of public relations, is following in a tradition at Britain's biggest hotels group. Her father is George Proctor, one of 10 executive directors of THF which yesterday announced rather dull interim results.

Keeping it all in the family is one of THF's policies. Chief executive Rocco Forte is the flamboyant son of the group's founder, Lord Forte. Rocco's sister, the Hon Mrs Olga Polizzi, is also a main board director in charge of building and design.

"I haven't been demoted – someone stole my stripes."

Other family dynasties at THF include Dennis Hearn, deputy chief executive, and his son Alan, who is director of management services in THF's international hotels division.

Dennis Hearn's nephew, Alan, is managing director of UK hotels and another main board director.

Slap down

■ IF Jaques Delors, ambitious president of the European Commission, read the Spanish press yesterday he would not have been amused.

Carlos Solchaga, Spain's finance minister, had already upset the Commission leader by suggesting that the second phase of his precious proposals for European monetary union be put back a year to 1994.

Whereupon Delors openly called on the Spanish prime minister Felipe Gonzalez to repudiate his finance minister and get Spain back on the Emu fast track. In Brussels, rumours – the origins of which are not hard to guess – had it that Solchaga's political career was on the skids.

But Gonzalez has stuck by his minister. "The positions expressed by a member of the government are the positions of the government," he said. Phase two should be delayed.

As it happens, Solchaga may well go in a coming cabinet reshuffle. Even so, Delors might do well to note that the Spanish premier believes in political supremacy in the Community, and doesn't like being pushed around by officials, however grand.

Rank unsafe

■ Those who doubt the value of country risk rankings – which purport to quantify the risks of doing business in various countries – will have their suspicions confirmed by the September Euromoney magazine.

It regularly publishes its own country risk rankings, sounding the views of more than 100 economists.

The soundings taken in late July, days before the Iraqi invasion, put Kuwait near the top of the scale for risk*less*ness. It was rated at 77.1 on a scale which West Germany heads with 94.1 and Mozambique props up with 13.6.

Euromoney repeated the ranking exercise soon after the invasion. The results are just as telling.

Kuwait has slumped, of course, to 27.9, putting it just behind the Dominican Republic and ahead of the Congo. But it is still seen safer for business dealings than Iraq (18.4) and 26 other countries, *including Ivory Coast*, Namibia and Cuba.

Hot trip

■ Friends of the Earth are holding a raffle to fund action to stop global warming. The first prize is an exciting Middle East adventure.

POLITICS TODAY

Boxed in with no clear date to hand

By Joe Rogaly

Britain's prime minister looks to be in *fine form*.

Her eyes sparkle, as befits a *grande dame* who can still flirt with an audience. Her actress face is evident when she makes a joke; she has a *self*-parodying expression of mock fierceness in her repertoire. Her timing is well-rehearsed. *At a recent* reception she made a speech whose tone was a touch messianic, but she was rational, and on occasion funny. If what she said is any guide, here is what is *on her mind: first*, her chance of winning the next election; second, the date; third, the state of world politics. The latter she rather touchingly believes to be a phenomenon she can do something about. So we must stand firm against President Saddam Hussein. *His withdrawal from Kuwait* must be absolute. Absolute. We must continue to proclaim the values of freedom, since these, if they be called Thatcherism, pre-dated it and will last for hundreds of years. Meanwhile, be quietly satisfied that the European Community is *coming round to* our way of thinking. She is quite unlike the late Harold Macmillan.

Why bring him up? If you are to believe in the election of a Labour government with an overall majority *next time*, you have to believe in a political landslide of at least the magnitude of the one that hit the Tories in 1963-64. Only such *a catastrophe* would ensure a swing between the two parties greater than any since 1945, which is what is required. A lesser swing might deprive the Con*servatives of their overall* majority, but that is another matter.

Mr Macmillan, who was ennobled long after his retirement, won the 1959 election with a majority of 100 over all other parties in the House of Commons, virtually the same as Mrs Margaret Thatcher's present surplus of back-bench voting fodder. It was *the third Conservative victory in a* row. Four years later, in mid-October 1963, he resigned on the ground of ill-health. His administration was in decay; sexual scandals within his cabinet contributed to the atmosphere of derision created by a small platoon of satirists. The Conservative party fell into disarray.

If there is to be a replay of 1964, which Labour strategists dream of, a state of affairs as damaging to the Tories as the one outlined above would have to prevail. When? *In June 1991*. For on the day Mr Macmillan fell there was only a year to go before the last possible election date. Next June would be the equivalent day for Mrs *Thatcher. There are other curiosities*. The rate of economic growth at constant prices rose sharply in 1962 and 1963; in the following year, as the election approached, it plummeted. We are surely in for a repeat. The rate of inflation had doubled to more than 4 per cent by voting day, but it was not really an issue then. Labour can rest assured that *the actual figure will be* higher next year, but the chances are that it will be on a falling curve.

In October 1963 – for which read June 1991 on the equivalent time-scale today – the Gallup poll indicated 51 per cent support for the Conservatives, against 42 per cent for Labour and 14.5 per cent for the Liberals. Today the numbers differ, but the gap between the two *larger parties* is the same. If it fails to narrow by next June, when the Tories could still have a year to run, precedent is no guide to anything at all.

You could argue that the poll tax is a catastrophe of greater magnitude for Mrs Thatcher than was the row over resale price maintenance that so divided the Tories in the early 1960s. It is possible that the Gulf crisis will produce an economic disaster that damages the present government yet further. Mrs Thatcher might be *removed from No 10 Downing Street*, by accident or design. There could be a virus in the electoral software that destructs after any government has served three terms. All these things are theoretically possible. The Labour party cannot rely on any of them.

The prime minister believes passionately that if the electorate expects anything of her it is that she will bring inflation under control. Mr John Major, the chancellor of the exchequer, appears to share this conviction; hence the Thatcher-Major duet this *week to the effect that interest rates* have to be kept high until there is certainty that the RPI is *falling*. That sounds like a possible postponement of the election until 1992.

Mr Major also allowed himself a loophole for joining the exchange rate mechanism of the European monetary system as soon as the Treasury *decides that a fall in inflation is* in prospect. That allows them to cut interest rates and make a run for it in 1991. If they go into the ERM before the end of this year, they may be obliged to face the electorate no later than next October, for the pressure of expectation would build up irresistibly. Politically, this could be the *catastrophe Labour is waiting for*.

While Mrs Thatcher was teasing her audience about election dates the other night the signal that came through to me was – if June is out, then we – you know who I mean by "we" – would prefer next October. I suspect that one reason for this preference is an aversion to hanging on *till the last moment, to being boxed-in* like Sir Alec Douglas-Home in 1964 and the ill-fated Mr James Callaghan in 1978-79. Yet Mr Kenneth Baker, the party chairman has insisted on keeping next year clear in case the government should decide to stick it out until 1992. If it has to, it will.

Sir Alec, who succeeded Mr Macmillan at an historically low point in the party's fortunes, was caught in just the kind of time-trap Mrs Thatcher dreads. He had a year to go at most. His critics were scathing: he fumbled over matchsticks when discussing the *economy. He very nearly confounded* us all. On polling day the Conservatives won 43.4 per cent of the vote to Labour's 44.1. The latter's commanding lead of a year previously had been whittled down to a fraction of a percentage point. Mr Wilson's first government rested on a majority of four.

* * *

While all this was happening Mrs Thatcher was joint parliamentary secretary at the ministry of pensions and national insurance. She witnessed the whole show, if not from the table, then at least with her nose pressed against the window-pane. Mr Christopher Patten, on the other hand, was a youth at Balliol, forming the mind of a future one-nation Tory of initially soft image and wet persuasion. He is the very opposite of what the prime minister calls "one of us"; in consequence he languished in the political wilderness before 1986, when he took *the ministry of overseas development*. He did not join the cabinet until just over a year ago, when he became secretary of state for the environment. As an excellent pen, he was occasionally hauled in by No 10 Downing Street during his years of relative obscurity, but in view of his current status as a serious contender for the *leadership of the Conservative party* it is worth recalling how recently he was promoted.

He has had a dramatic blooding, first finding himself saddled with the poll tax, then fighting a long series of rearguard actions over his strategy paper on the environment, which was widely condemned as disappointingly toothless on Wednesday. He is intelligent, an adept tactician, a master of public relations, and a man who is *almost universally liked by civilised* London; he has, therefore, emerged relatively unscathed – if not with reputation enhanced, then at least fit, perhaps fitter, for the top-table career to which he aspires. So far, so good.

The piquancy lies in the fact that *both jaws of the vice in which he has* been caught bear the prime minister's name. Mrs Thatcher proclaimed the poll tax to be the flagship of her administration. Mrs Thatcher initiated the mainstream debate on the greenhouse effect, with the result that expectations were raised. Chairing the "green" committee of the cabinet, Mrs Thatcher favoured older, more experienced ministers who argued against doing anything that might upset the voters or increase the RPI right now; it is she who is ultimately responsible *for the* many wishy-washy compromises in Tuesday's white paper.

Seen in this context, Mr Patten has done well; his paper, entitled "This Common Inheritance", lays the foundations for what in time could be an effective environmental policy. "This cannot be the last word on the environment," it says in its sixth paragraph. "*Now* that the government has embarked on this comprehensive review, and published its conclusions, there can be no going back." Nothing in all its 296 pages is as apposite a comment on the paper as that.

The government as a whole, Mr Patten included, may, however, have made a fundamental error of political *judgement. Mrs Thatcher certainly* has. It is easy to be super-cautious about petrol and electricity prices at a time of rising inflation and a daunting Labour lead in the opinion polls; it is more difficult to exercise true leadership, which is required if the elector*ate is to accept the logical conse*quences of the government's analyses *of the threats to the environment*.

Mrs Thatcher has trumpeted the *analyses, but qualled before the pros*pect of committing her own leadership to the consequences. I am not suggesting there should be road pricing today, a carbon tax tomorrow, or yet another 100p on a gallon of petrol the day after – but the absence of clear signposts in suchlike directions is an indication of the government's *inherent lack of self-confidence*. I drive a car myself, and love it, but there are the children to think of, and a world whose conditions may make life extremely uncomfortable for grandchildren.

The public expects leadership from Mrs Thatcher. "Leadership comes from the top," she said on Wednesday, in a speech enjoining managers not to award themselves greedy pay rises. She *stuck to her guns on the poll tax*, in spite of its enormous unpopularity. On the *environment she is at the top*. She, of all people, has failed to deliver effective leadership. A sparkling eye and a forceful personality are poor substitutes.

LOMBARD

Nordic model under fire

By Robert Taylor

THE NORDIC region's collective bargaining system has aroused admiration abroad *ever since the 1930s, especially* among Keynesian economists and believers in the need for a consensus between capital and labour in running a market economy. The Nordic countries' success in combining full employment and low inflation was thought to reflect a judicious mixture of centralised wage agreements between national employer and union *organisations; a social* cohesion based on Social Democratic values; and a dynamic labour market strategy.

But opinions have changed in the region. It has become fashionable among Nordic *economists to cast doubt on* the efficacy of the model. A new book* just published by a number of them is indicative of what has almost grown into the new orthodoxy. It suggests the existence of a strong relationship between the pressure for real pay increases and the level of unemployment in most Nordic economies. The size of unemployment benefits is seen has having little impact on wage levels.

Apparently "no clear evidence" exists that "direct gov*ernment intervention in pri*vate-sector bargaining reduces *real wages*", while the relative importance of centralised or local bargaining in containing wage-push inflation remains unclear.

The most startling finding comes from Professor Lars *Calmfors at Stockholm's insti*tute for international economic studies, who argues that Sweden's famed labour market policies – designed to keep down unemployment – have led to serious labour cost increases.

In *the words of Calmfors*, "accommodating employment *policies" – which he defines as* "policies that offset tendencies to open unemployment" – have a "strong wage-raising effect in Sweden" and in Finland.

The implication seems to be that Sweden should devote fewer of its resources to dynamic labour market measures such as training, job subsidies and the like, and put more into passive income maintenance – keeping workers on the dole as a way of disciplining the labour market and cooling wage demands.

The experience of Denmark, however, raises doubts about such an approach. In that country most public resources go into a generous benefit system for the jobless and little into dynamic market measures to get people into work; perhaps as a result it requires Danish open unemployment to reach 8 per cent to make any impact on pay pressures.

The Nordic economists believe that Sweden and the other Nordic countries are "extraordinarily sensitive to variations in open unemployment". Some evidence does support this observation. The *rise of the registered jobless to* 4 per cent in Norway – the highest total since the 1930s – helped in the success of a centralised incomes policy since 1987.

Many economists believe that *if Sweden let open unem*ployment rise to about 3 per cent it would be enough to cool down the heated labour market and calm wage pressures. Others think it would need much more unemployment to have the desired effect.

The worry must be that few *Nordic economists seem* to recognise the social consequences of what they are recommending. What most of the Nordic region does not yet have is a demoralised and visible underclass suffering from real deprivation. This would be the inevitable price to pay if existing labour market programmes were abandoned.

Much value remains in the dynamic labour market part of the Nordic model, as both the Organisation for Economic Co-operation and Development and the American Brookings Institution have recognised in recent years. Such outside views ought to be heeded. There is no sense in deliberately seeking to destroy the existing Nordic social consensus by an attack on its labour market programmes in order to create a supposedly more efficient market economy.

**Wage Formation and Macroeconomic Policy in the Nordic Countries, edited by Lars Calmfors. Oxford University Press £30*

LETTERS

Market processes and moral restraints

From Mr Bryn Jones.

Sir, Arthur Seldon claims ("Concordat on capitalism," September 26) that *market* processes have established a new *superiority* because they express popular wishes more effectively than the alternative political systems. Does this also, therefore, account for the success of the Thatcher governments in imposing more *market forces on that majority of the* population who did not want or vote for them?

Bryn Jones
Inspire
School of Social Studies,
University of Bath

From Mr Jonathan Price.

Sir, Mr Seldon argues that the proper operation of the market system depends on people restraining their self-interest when acting as producers so that their self-interest as consumers can be better served.

However, the process of producing is, for many people, far more than a necessary evil. It can be an important stimu*lus to self-development, an* enjoyable social activity and a means of self-expression. The intangible nature of these goods means they are liable to be neglected by a market system dominated by the trading of identifiable commodities.

The lack of sensitivity to the *range and nature of* human motivations that is betrayed by Seldon's argument perhaps goes some way to explain the puzzling paradox that becomes apparent towards the end of his argument.

Why is it thought that those who seek to restrain and guide the market will inevitably be motivated by unrestrained self-interest when those who trade in the market place are willing to act under moral restraint?

Jonathan Price
57, All Saints Road,
Kings Heath, Birmingham

British Coal and the NUM

From Mr John H. Northard.

Sir, John Gapper's report ("NUM urged to quit membership of IMO," September 25) repeats the incorrect, though widely reported, view that British Coal refuses to negotiate with the National Union of Mineworkers over pay.

The confusion arises from the bitter aftermath of the NUM strike of 1984-85, and the decision by many miners to form and belong to the Union of Democratic Mineworkers. To allow for practical representation, British Coal introduced the "majority principle", under which the union which represented the majority of mineworkers at an individual colliery or unit negotiated on behalf of all on issues affecting wages and conditions.

This was offered to both unions in 1986, *accepted* by the UDM, but rejected by the NUM. The UDM is currently seeking to negotiate a further pay deal.

It is entirely a matter for the NUM whether it chooses to live in the real world or to persist in *isolating itself from* meaningful negotiations on matters which affect the livelihoods of its members.

John H. Northard,
deputy chairman/operations director,
British Coal,
Hobart House,
Grosvenor Place, SW1

Still Virgin territory

From Mr Roger Flynn.

Sir, The report about MCA possibly being bought by Matsushita Electric Industries ("Matsushita in negotiations," September 26) says David Geffen's label was the largest independent record company in the world at the time he sold it to MCA.

In fact the largest independent record company in the *world was – and is – the Brit*ish company, Virgin Records. Virgin is set up in 25 countries (Geffen was only set up in one) and Virgin's turnover is at least twice the size of Geffen's.

Roger Flynn,
company secretary,
Virgin Music Group,
120 Campden Hill Road, W8

World Bank theory and reality

From Mr J.A.D. Long.

Sir, We read with interest the article by your Lagos correspondent on the World Bank's recently established line of credit for small and medium-scale businesses in Nigeria ("*World Bank scheme questioned*," September 14). However, we are surprised at the suggestion that the slow rate of utilisation of this facility is "partly the fault of commercial and merchant banks".

The majority of such banks, including this one, were not consulted in advance as to the suitability of the new line of credit for the purposes which it is intended to achieve. Had such consultation taken place, we would have pointed out that the proposed facility was likely to turn out to be another example of the World Bank's throwing money at problems rather than thinking about them, so inappropriate are its terms and conditions for the present needs of this sector.

While it is true that small and medium-scale businesses in Nigeria are experiencing considerable difficulties, we do not believe that the World Bank is approaching the problem in a particularly constructive way. Rather than making available blanket facilities which fail to take into account the social and economic realities of the country, the bank would be better advised to spend time studying the spe*cific requirements of the sector* and developing credit facilities which are designed to meet its particular needs.

We would suggest that at least two of the big problems facing the small and medium-scale business sector in Nigeria are:

- The desperate shortage of skilled management personnel available to it.
- The inadequacy of the accounting and auditing standards in most small and medium-scale businesses.

There are many highly trained and competent Nigerian managers and an equally large number of capable accountants, but they tend to gravitate towards the larger multinational companies. Few small and medium-scale businesses can afford the cost of training and then maintaining such qualified people in their employment.

A World Bank facility aimed at financing the training and subsequent employment of skilled managerial and *accounting staff* would make a far more significant contribution to the problems of the sector than a general purpose line of credit. The latter does nothing to solve specific problems but rather, by making funds available without adequate safeguards and controls, merely encourages further waste and profligacy.

It is, therefore, hardly surprising that many banks are unenthusiastic about a scheme which appears so unsuited to solving practical problems

These suggestions are by no means exclusive, but their consideration by the World Bank might go some way towards bridging the yawning gap which exists between the bank's academic theories and the commercial realities which the rest of the banking sector has to deal with on a daily basis.

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Legislation needed, not fantasies

From Mr Geoffrey Mills.

Sir, The American suggestion that boards should contain a mix of professional directors, plus "normal" non-executives, plus executives ("Independent directors with bite," September 5) is not new. It was described in a British book, On The Board, a decade ago.

But improvement of this kind will not occur because in practice the executive directors, not the board, control the company. By controlling entry to the board they can maintain a comfortable status quo, even if that *means maintaining an* incompetent chief executive or *an unbalanced chairman*.

That is why executive pay and perquisites have increased faster in Britain and America than in competitor countries. That is why Britain is the second-worst performing industrial *country and America the* worst. That is why we need simple, concise legislation for composing boards and controlling companies, not more fantasies about the supposed freedom of markets.

G.E. Mills,
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Edgbaston, Birmingham

FINANCIAL TIMES
Friday September 28 1990

Gulf casts long shadow over 'celebrations'

Gloom has permeated the talkathon, report **Peter Norman** and **Stephen Fidler**

This year's annual meetings of the International Monetary Fund and World Bank were conceived as celebrations. They ended up being close to a wake.

Well before the week's talkathon began, the Iraqi invasion of Kuwait had eclipsed any joy that might have been felt at communism's collapse in eastern Europe and the worldwide triumph of free-market doctrines.

But the assembled ministers and bankers were ill-prepared for the gloom in financial markets resulting from the Gulf crisis. Over the past week the oil price has brushed $40 a barrel, stock markets have fallen and worries about a recession in the US have grown following a sharp downward revision of *second-quarter growth figures*.

Fears about the fragility of the US and Japanese banking systems have *surfaced as glum bankers from* New York and Tokyo poured out tales at parties of falling profits and increased credit risks.

European bank supervisors are regretting the decision of the former Cooke Committee of western central bankers to allow Japanese banks to count their equity holdings as capital.

The hostile international climate and the possibility of a prolonged period of high oil prices has also greatly increased the problems of heavily indebted Third World countries and the newly emerging democracies of eastern Europe.

The economic unification of Germany – one of the past year's successes – is having an adverse effect on eastern Europe as the East Germans no longer want to buy local goods.

The high capital requirements of a united Germany will exacerbate the already worrying shortage of savings that helped raise long-term interest rates earlier this year.

Symptomatic of the instability now endemic in the Soviet Union was the appearance in Washington of two delegations from the USSR. While a team of "special invitees" from the Soviet Union was fêted by senior officials, including Mr Michel Camdessus, IMF managing director, a delegation from the Russian federation headed by Mr Boris Federov, finance minister, hustled *from meeting to meeting trying to con*vince officials and journalists that they had the answer to the Soviet Union's ills.

By yesterday, last weekend's forecast from the Group of Seven leading industrial nations of continued economic growth in 1991 was looking optimistic. That was based on an assumption the oil price would average $26 per barrel *for the next six months, before falling* to $21.

The sense of gloom was catching. *Summing up his concern for the Third* World, Mr David Bock, director of operations at the World Bank, commented: "*As the crisis has been pro*longed, we have seen a greater degree of threat to the gains of the 1980s in developing countries."

After listening to his US colleagues worry about recession, Mr Hilmar Kopper, chief executive of Deutsche Bank, left Washington saying: "When I came over five days ago, I wasn't as gloomy as I am now."

Yet the Gulf crisis also showed that the IMF's 154 members are capable of rapid action.

The way has been *opened for swift* emergency support for the frontline states. Goaded by the US, the international *community will* make up losses accruing to Jordan, Egypt and Turkey as a result of Iraq's aggression.

Despite a clear wish for lower interest rates on the part of the US Treasury, IMF members have achieved broad agreement that the oil price rise must be passed swiftly to consumers and that monetary policies should remain tight. In this way they hope to avoid mistakes *of the 1970s*, when accommodating policies and the recycling of surplus petrodollars through the banking system spawned inflationary problems and paved the way for the debt crisis.

Indicative of the sense of solidarity between the rich and poor segments of the globe, three developed nations – Britain, France and the Netherlands – have advanced proposals to ease the official debt burdens of developing countries.

Yet aid for the frontline states and debt initiatives have also raised questions about the use and purpose of the IMF and World Bank. Nobody doubts the needs of nations hit by the Gulf crisis. But involvement *of the two* Washington-based bodies in a rapid disbursal of emergency funding with few, *if any conditions, will not strengthen* their role as disciplinarians of the global monetary system.

Moreover the debt initiatives, understandable in view of steadily rising official debt burdens in some of the world's poorest countries, do nothing to uphold the sanctity of financial contracts. They could increase the moral hazard that is already weakening the world's financial system.

THE LEX COLUMN

Raising the stakes at News Corp

The world investment community has always had very mixed feelings about Mr Rupert Murdoch's News Corporation. On the one hand, News Corp has a history of taking big and highly profitable gambles such as breaking the grip of the Fleet Street unions by moving its UK titles to Wapping. On the other,its aggressive accounting policies and debt levels have always scared the more conservative of Mr Murdoch's admirers. Not surprisingly, this week's publication of News Corp's 1990 balance sheet has increased anxiety considerably.

The eye-catching number is *not the overall debt level of* A$10bn plus, but the jump in short-term unsecured bank *borrowings from* A$53m to A$2.3bn. News Corp's enthusiasm for playing the foreign exchange and financial markets is well known. But this is *a time when its three biggest* money-spinners – the US, UK and Australia – are heading into recession, its capital spending is running at a record $A1.5bn per annum and its interest cover has fallen to 1.4 times. Even a buccaneer like Mr Murdoch should be forgetting about *short*-term financial gains and concentrating on locking in secure long-term financing.

There is no doubt that his newspapers are still throwing off a lot of cash. But much of it is going to satisfy Sky TV's tremendous appetite, and in the current bearish climate even Mr Murdoch can no longer depend on asset sales to generate handsome profits. The fact that News Corp's market value of A$2.1bn is a third less than the latest revaluation and a fraction of the A$11.3bn net *asset value reflects the perva*sive scepticism.

News Corp needs to get its gearing down if it is to maintain confidence. Consequently, there is a certain arrogance about its latest threat to to delist its shares if its main stock exchange does not permit it to issue non-voting stock. In the current bearish *climate, even Mr Murdoch can*not afford such a luxury.

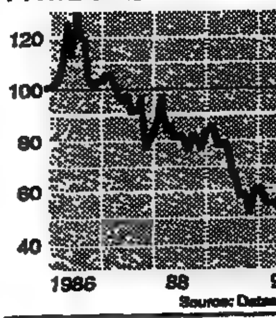
Brent Walker

The market's attitude towards Brent Walker's figures has always been one of polite disbelief. Now, it seems, that attitude extends to the company itself. There is little new about the fact that the shares are on a running yield of 15.7 per cent and a p/e of 1.2, *despite stated interim earnings* three times higher than two years ago. The novelty is that *the dividend* is unchanged, despite earnings growth of 54 per cent and cover of 8.6 times. *There is also a touch of despair* about a capital-raising exercise in which the company is to cancel 10 per cent of *its* debt mountain at the cost of giving away half the equity.

Part of the problem is doubtless the debt covenants which restrict the company to balance sheet gearing of 100 per cent and interest cover of 2.8 *times.* Neither covenant extends to the £350m of debt due to the William Hill acquisi*tion, so the relevant debt* amounts to a mere £800m. Gearing is therefore stated as a *mere 90 per cent; but it is* worth noting that the company includes as an asset the contentious £160m reduction in the price due to Grand Metropolitan on the William Hill deal. The obvious snag is that GrandMet has now served a writ on Brent Walker for £50m of that amount and is vigorously contesting liability for the rest.

If the convertible issue flops, Mr George Walker stands to put up £27m of his own money to raise his stake from around 17 per cent to 22 per cent of the equity. The move is to be encouraged; judging by yesterday's results, Brent Walker's future does not belong in the public domain.

Beazer
Share price relative to the FT-A All-Share Index



Trusthouse Forte

It would be premature to wheel out the tired phrase recession-proof to describe THF, but yesterday's interims at least point that way. A striking feature of 1990's interim reporting season has been the resilience of the UK's leading hoteliers, with dividends growing 15 per cent at both Queens Moat and Mount Charlotte, *despite their heavy borrow*ings. At 10 per cent, THF's dividend increase was smaller, which seems prudent in view of its static margins, the £1bn of debt on its books, an £80m per annum interest bill and the *Gulf crisis.* But the general trend was the same, with THF's underlying trading prof*its up 9 per cent after* excluding the property sales.

True, margin pressure is building up in the UK's oversupplied provincial hotel market; but so far London is doing well, with *the luxury end like* Brown's and the Grosvenor House showing 9 per cent profits growth. As for the future, the news that THF thinks it can still afford a capital budget of £270m this year is a gesture of confidence: but on a more mundane level the low-margin, volume-driven, but cheap to develop Gardner Merchant *catering business seems* to offer some of the better prospects.

The problem for the stock market at the moment, when looking at a blue-chip like THF, is valuation. With a gross dividend yield of 6.2 per cent, and a share price at *only* 66 per cent of stated net asset value, the usual investment arithmetic says THF's shares are underpriced. But one could say the same about lots of other *shares too.* Hotels, however well they are holding up now, are perhaps not quite a basic enough business to rank right at the top of the fund manager's buy list.

Beazer

Along with Brent Walker, Beazer can claim to rank among the great debtors of our time. Its market value, however, is much more substantial – *almost £250m, against net* debt of £880m. Beazer could also fairly argue that in incurring debt with the Koppers acquisition it diversified its operating risk. Its UK housebuilding side is now suffering along with the industry as a whole; but its US profits, allowing for a £10m pension holiday, are almost unchanged for the year.

On the financing side, however, the risks are as great as ever. The *half-yearly* trend in interest cover over the past two years is not encouraging: from 3.8 times to 2.7, then 2.3, and lastly 1.9. All this is before the Gulf crisis and its effect on US construction activity. Despite everything, Beazer has the air of a survivor; but survival looks like being its chief preoccupation for the foreseeable future.

Ben Bella stakes claim to Algeria again

By **Robert Graham** in Algiers

MR Ahmed Ben Bella yesterday shook off the dust of *Third World history*.

Returning to Algiers after 10 years' exile and an earlier 15 in prison, *independent Algeria's* first president stakes a claim to lead his country once again.

He stepped off a specially chartered ferry in the port of Algiers, a free man, to the sounds of ships' sirens and the piercing ululation of women. Supporters shouted "Long Live Ben Bella" – the cry that echoed round the country when, *28 years ago to the day, he was* elected president.

The magnificent white colonnaded boulevard overlooking the port was packed by a tumultuous crowd of 200,000. Many were too young to remember even when he was ousted in a coup in 1965.

The only official greeting him was Colonel Ben Cherif, a *former head of the* Gendarmerie and a member of the ruling National Liberation Front (FLN) central committee.

"It gives me joy, great joy, to return home after so much suffering in prison and then in exile," he said, beginning his first formal address in front of the port.

On board the boat which he had boarded the previous afternoon in Barcelona, the 73-year-old former president looked *tired and overcome by events*. But the moment he reached the small makeshift podium to address the crowd he was transformed. The oratory that helped sustain him in three turbulent years of power returned.

He spoke forcefully in Arabic, lapsing occasionally into French, captivating his audience with clever puns and digs at the government of President Chadli Benjedid.

"The only thing that I am not happy about today is the fate of the country. Our people are suffering. There is a grave crisis... we are suffering from corruption and nepotism – and may God punish *those* who practise this," he said. "The government must change."

*Despite attacking the gov*ernment, his message was measured. He sought to project himself as a symbol of unity. "We must have a centre," he stressed several times. There had to be change, he said, but orderly change. He made no direct offer to take on office; but those accompanying him clearly hoped he will act as a unifying force as the country opens up to experiments with a pluralistic political system.

Laying down his strategy for next March's parliamentary elections he indicated he would absorb under the wing of his Movement for a Democratic Algeria (MPA) much of the FLN.

He distanced himself from the Islamic Salvation Front (SIF) which scored a spectacular 53 per cent of the vote in last July's municipal elections. By insisting that Algeria had been served well by Islam for 14 centuries, he made clear that Islam had to be part of national life.

Turning to the conflict in the Gulf, he was unrepentant in his support for Iraq and the Iraqi leader's few Arab allies. He urged Algerians to go to the Iraqi embassy and volunteer to enlist. *He also called on his* fellow countrymen to demonstrate outside the US embassy in Algiers.

Despite today's triumphant homecoming, many questions remain about the kind of government programmes Mr Ben Bella would produce. Yesterday *he said* priority had to go to agriculture and to generating small and medium businesses. But his plans remained vague. The ironies and ambiguities surrounding him were underlined by his staying in the hotel in Algiers which he was building when overthrown. For almost a decade the half-finished structure was left *a rotting scar* on the Algiers landscape, to remind Algerians of the excesses and *failures of his attempts at* socialism.

Ahmed Ben Bella, first president of Algeria, waves to supporters as he arrives by ferry at Algiers

UK inflation could rise further says Major

By **Ralph Atkins** and **Peter Marsh** in London

MR JOHN Major, Britain's Chancellor of the Exchequer, warned yesterday that the UK's inflation rate could rise further before falling, as the public controversy intensified over whether the economy was on the brink of recession.

Mr Major told the London cabinet that the Gulf crisis was complicating inflation projections and would add to price pressures in the short term. But he reiterated his belief that inflation would diminish sharply through next year.

His comments came as commentators forecasting recession in Britain were joined by Mr Karl Otto Pöhl, president of the West German Bundesbank, and Sir Alan Walters, former economic adviser to Mrs Margaret Thatcher, the British prime minister.

Sir Alan said the UK was "very likely" to enter a technical recession – two successive quarters with zero or negative growth – in the next year. It would be milder than the previous large economic downturns in 1974 and 1980. But there was still a danger of "important insolvencies" in business.

Mr Pöhl told an audience of businessmen in Washington: "The UK is already in a recession."

The Thatcher government, however, remains determined to keep its outward calm, refusing to talk in terms of recession and only of a slowing in output growth.

The meeting, at which Mr Major reported on his visit to the International Monetary Fund's Washington conference, touched only briefly on the European exchange rate mechanism (ERM). Mr Major again emphasised that when Britain joined would depend on prospective price movements compared with other European countries

September's inflation rate, to be published next month, is widely expected to rise from the current 10.6 per cent and it could increase still further in October if petrol prices continue to rise.

Speaking at a London conference, organised by Idea, a financial research group, Sir Alan reiterated his long-standing opposition both to ERM entry and to closer monetary integration by Britain with the rest of Europe.

He said Britain's ERM plans were "a major folly". Ideas to move to complete European Monetary Union over the next few years were "clear rubbish."

Sir Alan added that "only God knew" the motivations of people pushing for EMU such as Mr Jacques Delors, the European Commission president and Mr Hans-Dietrich Genscher, West Germany's foreign minister.

At the same conference, Mr Helmut Schlesinger, deputy governor of the Bundesbank, spelt out the German central bank's view that monetary union would have to be accompanied by a large degree of political union.

Bomb plot foiled at UK terror conference

By **Richard Evans** in London

AN ATTEMPT to blow up top anti-terrorist experts – including a senior British government minister and a police chief – was narrowly averted yesterday when a bomb was discovered just before an international conference on terrorism was about to start in London.

Mr *William Waldegrave, for*eign office minister, and Sir Peter Imbert, metropolitan police *commissioner, were* among the speakers at the conference, which had to be abandoned when a "*highly sophisti*cated device" was found in a lunchbox under the speaker's lectern. Mr Waldegrave had been due to outline new government initiatives to counter terrorism.

Had the 4lb Semtex bomb exploded, it would have killed or maimed many of the 100 leading experts gathered at the conference, organised by the Research Institute for the Study of Conflict and Terrorism at the Royal Over-Seas League headquarters off Piccadilly.

It would also have been a big propaganda coup for the terrorists responsible, assumed by Scotland Yard's anti-terrorist squad to be the IRA, in their campaign aimed at political and "soft" civilian rather than military targets.

There was widespread criticism following the discovery and defusing of the device at the perceived gaps in security, the holding of a conference on such a sensitive topic at an *accessible* London venue, and the pre-publicity given on the subject matter and the speakers. *At one stage it was* believed that Mr Tom King, defence secretary, would also attend.

Commander George Churchill-Coleman, head of Scotland Yard's anti-terrorist squad, said police had searched the building at 6am and he was satisfied the device was not then in place. He believed the bomb was probably placed between 8am and 9am.

He did not believe that either Mr Waldegrave or Sir Peter Imbert were the specific targets. "The conference, which was widely advertised, would be seen as a legitimate target by Irish republican terrorist groups," he said.

The bomb was found under the lectern's desk-top lid by the league's banqueting manager.

US moves closer to relations with Hanoi

By **Lionel Barber** in Washington

THE US yesterday edged further towards normal relations with Vietnam with the announcement that Mr James Baker, US secretary of state, would meet his Hanoi counterpart in New York tomorrow.

Mr Baker's meeting with Mr Nguyen Thach, Vietnam's foreign minister, marks the high*est-level contact* between the two countries since the Vietnam war and signals a mutual *desire to improve relations* after a 15-year stand-off.

The two ministers are expected to deal primarily with United Nations efforts to reach a peace settlement in Cambodia. Other likely topics include the fate of more than 2,400 Americans missing in action during the war, as well as Hanoi's interest in seeking economic assistance from the west.

The State Department said Mr Baker wanted to acknowledge Vietnam's positive contribution to recent progress toward ending Cambodia's civil war, a reference to Hanoi's withdrawal of occupying forces last year.

Both ministers are expected to discuss how to press ahead with the UN framework agreement, which involves the creation of a Cambodian supreme national council. The council includes the Vietnamese-backed government in Phnom Penh, and three guerrilla factions fighting to overthrow it, including the Khmer Rouge.

The plan has the backing of all permanent members of the UN Security Council – the US, Soviet Union, France, Britain and China. But the parties on *the ground have not yet been* able to reach agreement

Mr Baker, who is attending the *UN General Assembly* in New York this week, shifted policy toward Vietnam last July amid fears that US aid to the Cambodian resistance ran the risk of allowing the Khmer Rouge to return to power.

Mr Baker announced the US was withdrawing support for the Cambodia guerrilla coalition and was opening dialogue with the Vietnamese-backed regime in Cambodia.

Since July the US has held three official meetings with the Vietnamese. However, the US still classifies Hanoi as an enemy and President George Bush recently extended a ban on US trade.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	25	79
Algiers	S	30	86
Amsterdam	R	12	55
Athens	S	30	86
Bahrain	S	35	95
Bangkok	R	30	86
Barcelona	S	23	75
Beirut	–	–	–
Belfast	S	12	55
Belgrade	F	17	63
Berlin	C	12	55
Biarritz	[illegible]	25	78
Bombay	Dr	[illegible]	[illegible]
Bordeaux	S	22	72
Boulogne	F	16	61
Brussels	C	12	55
Budapest	C	13	57
Buenos Aires	F	18	65
Cairo	S	31	88
Cape Town	[illegible]	[illegible]	[illegible]
Caracas	C	[illegible]	84
Casablanca	F	23	75
Chicago	S	12	55
Cologne	C	12	55
Copenhagen	C	11	52
Corfu	S	25	77
Dallas	S	17	64
Dublin	F	15	59
Dubrovnik	F	25	77
Edinburgh	S	13	55
Faro	F	20	79
Florence	F	18	66
Frankfurt	F	15	59
Geneva	S	15	59
Gibraltar	C	22	73
Glasgow	S	12	55
Helsinki	C	6	43
Hong Kong	C	28	84
Innsbruck	F	13	57
Inverness	C	11	52
Islamabad	C	30	86
Istanbul	S	26	79
Jakarta	F	31	88
Jersey	F	17	63
Johannesburg	S	26	79
Lima	C	16	61
Lisbon	F	[illegible]	77
London	F	[illegible]	61
Los Angeles	S	17	64
Luxembourg	F	13	57
Madeira	R	21	70
Madrid	S	23	75
Majorca	F	28	79
Malaga	S	28	79
Malta	S	30	93
Manchester	S	13	57
Manila	F	32	91
Melbourne	C	[illegible]	[illegible]
Mexico City	C	25	77
Miami	S	25	77
Milan	F	17	63
Montreal	C	12	55
Moscow	C	6	43
Munich	F	13	57
Nairobi	–	–	–
Naples	S	27	82
Nassau	C	30	87
New Delhi	C	30	86
New York	S	17	64
Nice	C	21	70
Nicosia	S	27	82
Oporto	S	25	77
Oslo	C	8	46
Paris	F	17	63
Peking	R	17	63
Prague	F	12	54
Reykjavik	R	7	45
Rhodes	S	30	86
Rio de Janeiro	F	23	73
Rome	F	25	77
Salzburg	F	12	55
San Francisco	S	16	61
Seoul	F	25	77
Singapore	F	27	81
Stockholm	R	7	45
Strasbourg	C	13	55
Sydney	C	21	70
Taipei	C	27	82
Tangier	S	28	84
Tel Aviv	F	27	82
Tenerife	S	27	81
Tokyo	R	20	68
Toronto	F	12	55
Tunis	F	32	91
Valencia	S	25	77
Venice	F	16	61
Vienna	C	13	57
Warsaw	C	8	46
Washington	S	13	57
Zurich	S	16	61

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

RECRUITMENT

JOBS: Survey of 1,000 companies shows earnings of UK executives outside City banking

What industrial managers have to live on

THOSE nostalgia-mongers who claim the poetry has gone out of modern life, look to have a point. For instance, if John Keats had lived to sit at the Jobs column's desk, he wouldn't have begun his poem, To Autumn:

Season of mists and mellow fruitfulness

He would have opened it with:

Season of stats – pay and fringe benefits

The first windfall from the autumn batch of salary statistics appears to the right. It is drawn from the latest of the Reward consultancy's twice-yearly surveys of managers' pay in Britain, which covered an assortment of more than 1,000 companies scattered across the country.

To overseas readers who saw the indicators of pay in City of London banking which I printed on August 29, the figures alongside table may seem incredibly modest. But today's table gives a far better idea of managerial earnings in Britain as a whole. For one thing, of all the pay surveys periodically reported in this corner of the FT, Reward's includes the greatest proportion of smaller businesses. For another, the companies taking part are mostly engaged in making and marketing things, as distinct from manipulating money. Even so, since they probably don't constitute a representative cross-section of British employers, the results cannot be taken as an accurate reflection of the real state of pay.

Unlike the full survey report, which gives information on six levels of management, my table is limited to one. It is executives ranked immediately below board-level, except possibly in small companies where they may be directors while doing essentially the same jobs. Anyone wanting data on other levels should contact Bill Couldrey of the consultancy at Reward House, Diamond Way, Stone, Staffordshire ST15 0SD; tel 0785 813566, fax 0785 817007.

Rank One – *Most senior executive below rank of director in:*	LOWER QUARTILE Basic salary £	LOWER QUARTILE Total money reward £	MEDIAN Basic salary £	MEDIAN Total money reward £	MEDIAN (Basic year earlier) £	MEDIAN (Total year earlier) £	UPPER QUARTILE Basic salary £	UPPER QUARTILE Total money reward £	% with company car
Legal advice	28,071	29,642	33,943	33,943	(30,750)	(30,750)	39,948	41,701	68.4
General management	25,268	26,080	29,757	30,635	(27,313)	(29,122)	36,052	39,152	86.1
Company secretariat	24,050	24,795	28,500	29,850	(26,339)	(27,605)	36,250	38,163	81.8
Finance & accounting	24,840	25,000	28,500	29,648	(25,000)	(26,000)	34,000	34,500	81.0
Surveying/construction	24,452	25,511	27,000	28,355	(23,745)	(24,988)	29,808	30,911	83.8
Marketing	24,000	24,000	28,000	28,350	(25,000)	(25,980)	32,000	33,000	88.3
Advertising & PR	23,750	23,750	28,040	28,350	(27,300)	(28,000)	34,208	34,208	74.4
Data processing	22,000	22,000	26,520	27,377	(24,100)	(24,883)	32,400	33,000	73.1
Sales	22,222	23,000	25,750	27,000	(24,055)	(25,000)	31,008	33,000	91.2
Distribution	22,269	22,625	26,750	27,864	(23,980)	(24,385)	33,372	34,316	86.5
Personnel	22,000	22,380	25,485	26,337	(24,150)	(24,532)	30,870	31,500	76.7
Administration	23,528	24,102	26,929	27,000	(23,161)	(23,471)	32,828	32,963	81.8
Scientific/technical dept	21,429	21,784	24,780	25,260	(23,375)	(24,000)	28,010	28,421	56.9
Planning	22,880	22,880	24,837	25,485	(23,400)	(23,400)	28,152	29,152	82.1
Research & development	20,893	20,952	25,000	25,000	(22,996)	(23,605)	28,935	30,038	56.9
Purchasing	22,000	22,002	24,150	24,765	(22,100)	(22,813)	29,270	30,674	83.5
Engineering	21,175	21,535	25,273	25,555	(22,575)	(22,935)	29,000	29,735	71.2
Management services	19,730	19,730	24,419	24,837	(21,786)	(22,150)	31,377	31,377	57.5
Production	20,169	20,771	23,435	24,500	(22,000)	(22,091)	28,000	28,509	70.8
Quality assurance	20,000	20,000	23,251	24,000	(21,530)	(22,308)	28,000	28,182	66.7
All Rank-One execs	22,182	–	26,259	–	(24,000)	(–)	31,287	–	78.1

The table starts with the basic salary and total money rewards – including bonuses but not the value of in-kind perks such as cars – of the lower-quartile manager who would be a quarter way up from the foot of a ranking by pay of all doing the same work at the same level.

Next we have the corresponding figures, from both the latest survey and the one 12 months earlier, for the median executive mid-way in the ranking. Then come the new findings for the upper-quartile manager a quarter way down from the top, followed by the percentage of people in each type of job who have a company car.

Besides being no more than approximations, the table's figures need adjusting in various ways before any personal comparisons are made.

For a start, to allow for the passage of time since the information was collected, all money sums should be increased by 2.1 per cent. That will update them to October 1, but for each month thereafter they should be raised by a further 0.7 per cent.

Since pay varies markedly with place of work, adjustments are also needed for region. The geographical variances from the overall median basic salary of £26,250 were: *higher* – London by 17.3 per cent, south-east England by 3.3, and Scotland by 0.8 per cent; *lower* – north-west, and eastern counties of England by 4.8 per cent; Northern Ireland by 7.4; south-west England by 7.5; west Midlands by 8.6; and north-east by 9.9. per cent.

Another strong influence on pay is the employing company's size, which can be measured in different ways. Using annual sales turnover as the criterion, the differences from the £26,250 median were: *higher* – over £100m by 18.5 per cent, and £40m-£100m by 5.6; *lower* – £15m-£40m by 4.0 per cent, £5m-£15m by 8.6, and up to £5m by 14.8. Gauging size by *total* number of employees, the variances were: *higher* – more than 4,000 by 25.7 per cent, 1,001-4,000 by 9.9, and 501-1,000 by 2.0; *lower* – 201-500 employees by 4.4, up to 200 by 5.6.

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ACCOUNTANCY COLUMN

Standard still requires a little fine-tuning

By David Waller

THE STATEMENT of Standard Accounting Practice No 24 – on accounting for pension costs – was one of the more important and controversial edicts to emerge from the Accounting Standards Committee in its latter years. Complicated in theory, it has had a material effect on numerous companies' reported earnings.

It was published in May 1988 and has been in force for financial years ending June 30 1989 and thereafter. Its aim was to reduce the diversity of accounting treatment of pension costs, increasing disclosure and thereby making it easier to compare companies' figures. How successful has it been?

Earlier this year, the Institute of Chartered Accountants in England and Wales published its tome on Financial Reporting 1989-90, which concluded: "SSAP 24 appears to comprise no more than a hotchpotch of options more likely to precipitate confusion rather than clarification, and incomparability rather than comparability."

The results of a study published today by Mercer Fraser – a firm of actuaries – are not so gloomy but they fall far short of a wholehearted endorsement of the standard. Even so, the actuaries argue, only small amendments are needed to help SSAP 24 to come considerably nearer to fulfilling its original purpose.

In principle, SSAP 24 was designed not only to introduce accounting consistency from company to company: it was also intended that it would more closely reflect economic reality by matching the costs of providing a pension with employees' accruing entitlement to a pension over their working lives.

"The widespread accounting practice pre-SSAP 24," Arthur Andersen and Mercer Fraser explained in an earlier publication, "was to charge to pension costs the contributions paid or payable to the scheme. This practice enabled companies to enhance earnings in the short term by utilising pension surpluses through reduced contributions or pension holidays."

Few companies disclose all the material that is necessary for reliable comparisons of different companies' pension costs

Mercer Fraser's latest findings are as follows:

- Very few companies have failed to adopt SSAP 24, but only 10 per cent disclose all the information necessary to make reliable and sensible comparisons of different companies' pension costs.

The main requirement of the standard is that the pension cost should be the actuary's best estimate, thus permitting a wide range of options and methods to be used. Without proper disclosure of those options and methods, comparisons are difficult if not impossible, and the standard is not meeting its objectives.

Mercer Fraser says the standard would be much more pertinent if it included mandatory disclosure of 12 items, including: types of scheme in operation; whether the scheme is in surplus or deficiency; actual pension expense for the year (as opposed to the accounting number); actuarial funding method; and rates of interest, dividend increases and salaries used in making the calculations.

The most common items missing were: reference to the level of dividend increases assumed in valuing pension scheme assets; and mention of what allowances had been made for increases in pension entitlement after retirement. "Both these items can have a substantial effect on the calculation of the pension cost," observes Mercer Fraser.

It should be emphasised that such disclosures are not mandatory under the terms of SSAP 24, but they ought to be made in order to comply with the spirit of the standard.

- Where finance directors are faced with a choice between adopting an accounting treatment that boosts profits, or one that bolsters the balance sheet, they have overwhelmingly opted to augment reported earnings.

Under transitional arrangements, only 14 of the 350 companies studied have opted to place the initial surplus on the balance sheet (or deficit) rather than spreading it via the profit-and-loss account over the the average working lifetime of the employees in the scheme.

That suggests that finance directors do not set great store by their balance sheets and that, given a choice of accounting treatments, they will opt for the one that jacks up reported profits. The latter point is hardly surprising, but research into other complex areas – for example, the work done by Mr Chris Higson of the London Business School into accounting for mergers and acquisitions – shows that enhancement of reported earnings can become an irrational fixation for some finance directors.

- The combination of low inflation through much of the 1980s and good investment performance has meant that many pension funds are in surplus – assets exceed past-service liabilities.

The survey shows that there is a wide variation in the extent to which schemes are in surplus: the average funding level was 122 per cent (assets exceed projected liabilities by a factor of 1.22). Where the funding levels were shown in the disclosures, 12 per cent of the schemes were in deficit and 5 per cent were in balance – the rest were in surplus.

Some 350 companies, employing 3.9m employees in the UK, were analysed. Of the total, 55 per cent had fewer than 2,500 employees. Larger companies were more likely to comply with the standard to a greater extent than medium-sized ones, and companies audited by the Big Six accounting firms, rather than the medium-sized firms, were also likely to comply more closely with the standard.

One crucial assumption in the process is the amount by which projected real investment return exceeds salary growth assumptions. The statistics show that the gap varied between 0.5 and 3 per cent. Even small differences in the figure make a huge difference to reported earnings over the long term, thus making it even more difficult to make sensible comparisons between companies.

"The value of companies and their shares is still being affected by the variation in taking account of pension liabilities," concludes Mr Paul Greenwood of Mercer Fraser. "Any financial analyst or acquiring company relying on the SSAP 24 statement to give a true indication of pension liabilities is on shaky ground."

While the information gained under SSAP 24 is better than that available before, there is room for improvement

The actuaries believe that, on balance, the information disclosed under SSAP 24 is better than the information available before the standard took effect. They support the principle that companies should be allowed a degree of flexibility, unlike the provisions of International Accounting Standard No 19, which are narrowly prescriptive by comparison.

However, they argue, rightly, that the standard could be greatly improved by tightening up the disclosure requirements.

Copies of the report are available from Carole Botting, Mercer Fraser, 44/45 West Street, Chichester, West Sussex PO19 1RP. £45.

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c £27,000, Car

Continuous expansion of this world renowned specialist company has created the requirement for a senior contracts professional to join a small central team. Company turnover, now approaching £100m, has a strong defence element and confirmed projects extend well into the mid-nineties. Reporting to, and collaborating with, a director of the company you will be involved in all aspects of contract preparation and negotiation with UK and overseas customers from initial invitation through to final award, and will be expected to contribute and participate at the most senior levels. Ideal candidates should be qualified to degree standard with relevant professional qualifications, and have a demonstrable record of contract involvement in large capital project work including associated financing, legal and export guarantee activities.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *R.P.T. Hills,* Hoggett Bowers plc, *4 Mosley Street,* NEWCASTLE UPON TYNE, *NE1 1DE.* 091-232 7455, Fax: 091-261 8438, *quoting Ref: N18028/FT.*

Hoggett Bowers

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EUROPEAN VENTURE CAPITAL : FINANCIAL ANALYST (Paris Based)

Applications are invited for a position with an established European strategic growth fund, founded by four prominent European financial institutions. The objective of the Fund is to make significant equity investments in European companies actively pursuing a policy of external growth with a view to becoming leading companies within the Single Market.

The Fund is currently seeking to recruit an experienced analyst at manager level to take responsibility for the financial analysis required in the appraisal of specific investment opportunities, as well as sector research. Thorough knowledge and experience of computer modelling is considered as essential.

In addition, candidates should be capable of taking responsibility for internal accounting matters within the fund.

Aged probably between 25/30, candidates will ideally be qualified A.C.A.'s or trained financial analysts with working experience in either a venture capital or merchant banking environment. Candidates should be EC nationals and speak at least two European languages fluently including English. In view of existing staffing, preference will be given to non French candidates.

Remuneration will be in the region of FF300,000 - FF350,000 depending on experience.

In the first instance please write enclosing a full c.v. to:
Rhona Hayward,
48 bis rue Fabert,
75007 Paris.

INVESTMENT ACCOUNTANT

LAKE DISTRICT **NEGOTIABLE SALARY + EXCELLENT BENEFITS**

Prolific Financial Management PLC is one of the UK's leading investment management companies. Prolific is a wholly-owned subsidiary of Hafnia Holding A/S, the second largest financial services group in Denmark which currently manages funds in excess of £5bn.

Due to continued expansion an opportunity has arisen at a Senior Management level in our Administration Centre in Kendal, Cumbria. The successful applicant will take full responsibility for Prolific's investment accounting function, encompassing authorised unit trusts, together with institutional third party accounts. With previous financial services experience, you will display a record of strong management and interpersonal skills, along with the enthusiasm and initiative to develop this key area of our business.

Applicants for this position should be fully qualified, and with a minimum of five years investment accounting experience. It is likely that the successful candidate will be aged between 30 and 45. An excellent remuneration package (including Company Car) is offered and benefits are those associated with a company of this stature. A flexible relocation package is offered to the right candidate.

Please reply in confidence (quoting reference IA1) enclosing a full C.V. and details of your current remuneration to: Miss Gail Eves, Personnel Manager, Prolific Financial Management PLC, Walbrook House, 23 Walbrook, London, EC4N 8LD

Prolific
FINANCIAL MANAGEMENT

Regional Financial Controller

Essex/Herts/ North London

Package to £37,500 + Car + Benefits

Our client is a rapidly expanding UK subsidiary of a major manufacturing and distribution plc, with group turnover in excess of £300m. A commercially aware and energetic Financial Controller is now required to assume overall financial responsibility for a number of operating units, principally to the north of London.

Reporting to the Finance Director, the role will include the monitoring of the financial performance of the operations in the region, development of strong financial controls, integration of acquisitions and ad hoc assignments.

Candidates will be aged between 28-35, qualified, PC literate and preferably with experience in a multi-location manufacturing or processing environment. Day-to-day contact with staff throughout the group requires strong interpersonal skills. A willingness to travel and a commitment to working to strict deadlines are essential. Career prospects are excellent for the right candidate.

The remuneration package comprises a competitive basic salary plus performance related bonus. Relocation assistance is available where appropriate.

Interested candidates should write, enclosing a current CV and quoting ref: UJ/BC to **Chris Elliott MBA at Michael Page Finance, Executive Selection Division, 39-41 Parker Street, London WC2B 5LH** or telephone 071-831 2000.

MP

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCE DIRECTOR

Financial Services

c.£60,000 + car + benefits package

South Coast

Our client, the UK subsidiary of a multinational financial services group, wishes to appoint a high calibre business-orientated Finance Director to establish a sound financial framework within which the Company can achieve the desired level of profitable growth.

The appointee will assume responsibility for all financial affairs and, in particular, for the introduction of effective management information and control systems compatible with an expanding operation. A key requirement will be the ability to manage and motivate a large accounts team during a period of significant change. As a member of the senior management team, the Finance Director will also be expected to make a major contribution to the formulation of long-term corporate strategy in the UK market.

Candidates should be qualified accountants able to demonstrate a successful track record culminating in a senior financial management role, ideally within a financial institution.

In addition to proven technical ability, applicants must possess the interpersonal skills required to forge strong working relationships. Above all, they should display first class leadership qualities and an energetic, proactive approach.

The position commands a remuneration package commensurate with the seniority of the role, and the magnitude of the Group's worldwide activities is such that the appointment offers tremendous scope for long-term career progression.

Please write, in confidence, enclosing full career details to Tim Knight quoting reference 6106.

KPMG Peat Marwick Selection & Search

70 Fleet Street, London EC4Y 1EU

Group Management Accountant

South Yorkshire, c £32,000 pa, Bonus, Car

This major Group is one of Europe's leading manufacturers of specialist products for a diverse range of industrial applications. It has a record of steady growth, backed by substantial capital investment initiatives and an ongoing policy of strategic acquisitions. Future plans are exciting and challenging, focussing on improvements to business performance and profitability, to consolidate its position in the marketplace.

As a result, a qualified Management Accountant is required to work closely with the Group Finance Director providing technical and analytical expertise. As well as overseeing forecasts, budgetting and profit planning, you will be devising management systems which will produce a range of strategic financial information.

This new appointment calls for a professionally qualified, commercially astute and diplomatic individual, likely to be in their late 20's/early 30's. You must be able to demonstrate sound career progression, preferably in a diverse manufacturing environment, and must possess a proactive, hands-on style of working.

There will be regular travel to other UK operating sites, and the scope to develop this highly visible role is considerable. In addition to a competitive, negotiable package, relocation assistance will be given where appropriate.

Male or female candidates should submit in confidence a comprehensive c.v or telephone for a Personal History Form to, *M.A. Grant*, **Hoggett Bowers plc**, *1/2 Hanover Street*, LONDON, *W1R 9WB*. 071-734 6852 Fax: 071-734 3738, *quoting Ref: H27038/FT.*

Hoggett Bowers

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FINANCE DIRECTOR

North-West
c.£40,000 negotiable + car + benefits

PART OF *a large international group, our client is a* national multisite operation providing a comprehensive automotive supply and fit service to a wide customer base. With a turnover of £100m+ and more than 400 outlets, the company is committed to investing in its future — a commitment clearly illustrated by the introduction of a brand-new £multimillion microcomputer point-of-sale accounting system.

Reporting to the Chief Executive and with responsibility for both the 150-strong finance and computer services departments, you will play a key role in the company's commercial decision-making process. In addition to providing the full range of accounting services including monthly reports, forecasts and annual plans, you will be expected to refine the present contribution measurement techniques by continuing the review and updating of management information systems.

Aged 35–50 and, ideally, educated to degree level or equivalent, you must be a qualified accountant with substantial multisite commercial experience, preferably gained in a service industry. Extensive business acumen and strong interpersonal skills are essential ingredients for success in what is an extremely competitive market.

If you are looking to join a company that is playing a leading role in responding to changing market trends, please send full career details, in confidence, to John Patrick, Ref: 4598/JP/FT, **PA Consulting Group**, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

PA Consulting Group

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European Headquarters of a large American multinational company is looking for an

International Tax Advisor

Paris, France

c. 600,000 FF

Based at our regional headquarters for Europe, Africa and the Middle East, the successful candidate will advise on all international tax implications of our business in the region, including tax planning, intercompany operations and merger and acquisitions.

This senior position will suit high potential candidates ideally 31-35 years old, with extensive experience (6-9 years) in an international company or a major tax firm, including some exposure to U.S. taxation.

Excellent communication skills and ability to interact with the highest level of management are also necessary for this position.

Knowledge of French is not required.

For more information concerning this opportunity, please *telephone* or send CV + current salary to **Antoine Goldschmidt** quoting ref. AG 5527/FT to **Michael Page Taxation, 10, rue Jean Goujon, 75008 Paris, FRANCE.**

Telephone: (010) 33.1.42.89.30.03

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Michael Page International

International Recruitment Consultants

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Move into Management Consultancy

Central London

To £40,000 + Car

Since its launch in 1988 our client, a growing firm of Management Consultants, has successfully developed a varied blue chip client base.

They currently seek to recruit a qualified accountant, aged 25-35 to work within their financial systems team. The post will involve the specification, selection and implementation of computerised financial systems. Initially you will be part of a small team working with clients at all levels. New members are quickly given responsibility for handling major assignments.

The successful candidate will have some experience of one or more of the major accounting packages and the ability to assist in the future development of the firm's business.

In return for your commitment they offer a highly competitive salary package, car, bonus, pension scheme etc.

To apply please contact Lee Acton, Senior Consultant on 071-233 5204 or fax your c.v. to him on 071-233 6971.

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JPMS Recruitment Consultants
3 Catherine Place
Westminster London SW1E 6DX

Telephone: 071-233 5204
Facsimile: 071-233 6971

Brewer Morris
Pure Taxation Recruitment

SENIOR TAX ADVISER

Package Indicator c£50,000

Our client is a highly respected, blue-chip U.S. investment banking firm, with a truly global presence and considerable influence in all sectors of the industry.

The UK and European tax function based in London is considered to be one of the most pro-active and respected tax teams within the investment community. Recent internal restructuring has generated the need to appoint a Senior Tax Adviser.

Reporting to the Director of Tax, key elements of the role include the development of tax related financial instruments for the firm's product areas, international and local tax planning and some involvement in overseeing tax compliance work.

Suitable candidates will be senior taxation professionals, with either a legal or qualified accounting background and at least 3 years post-qualification relevant tax experience. Dealing at the highest levels within the firm, the candidate will need to combine intellect with creativity; and assertiveness with a high degree of tact and maturity.

The package available is highly competitive including a substantial performance related bonus.

For futher information contact:
Gavin Burgess
on
(071) 936 2040
Brewer Morris, Ludgate House, 107 Fleet Street, London EC4A 2AB.
Evenings & Weekends:
(081) 469 2213

Finance Director-Designate

c £35,000 + car + benefits

Cheshire

Our client, an established Group, operating within a specialised branch of the building industry, supplying commercial and domestic trade customers with high class ancilliary products and systems, are a manufacturing group employing modern computerised production techniques. With a current profitable sales turnover of some £10 million per annum and having illustrated 30% growth over the past five years with a forecast of continued expansion, the Group are seeking to employ an experienced Accountant in the role of Finance Director – Designate who will be responsible to the Board for the provision of the full range of accountancy and company secretarial services.

Candidates must be mature qualified Accountants who can demonstrate practical hands on experience coupled with the implementation of modern computerised systems in a manufacturing environment.

The remuneration package is attractive and includes a salary of c £35,000 per annum, executive car, non-contributory pension and life insurance scheme, private medical care, personal health insurance and relocation expenses as applicable. It is considered the post offers long term career prospects and a significant opportunity to an ambitious energetic Accountant wishing to contribute at Board level to the effective management and commercial development of this progressive Group.

Please send details of your career to date and contact telephone numbers quoting reference N6260/FT, to George Hopwood, Grant Thornton Management Consultants, Heron House, Albert Square, Manchester M2 5HD.

Grant Thornton
MANAGEMENT CONSULTANTS
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Financial Controller

South West **£40,000 + Car**

Our client is a highly profitable PLC, engaged in property development and investment, predominantly in the UK. Their south western property portfolio has a capital value in excess of £300m.

A Financial Controller is now required to assume full responsibility for all financial aspects of their south western business. Key areas of involvement will include the re-organisation of control and reporting structures and the rapid development of computer-based systems. As a member of the regional management team, the individual must be fully capable of participating in the overall commercial management of the business.

Candidates, aged up to 40, must be qualified accountants with a strong track record of success in a demanding, hands-on environment, coupled with the strength of character and business maturity required to make an immediate impact within a dynamic organisation.

A comprehensive benefits package including share option scheme and full relocation facilities are available where appropriate. Interested applicants should write, quoting ref. 2634, to **Alan Dickinson ACMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH** or telephone 071-831 2000.

MP

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International Financial Controller

Inchcape

London **c. £45,000 + car**

Inchcape, with a turnover exceeding £3 bn, is an international services and marketing group which has global interests in 60 countries ranging from the marketing and distribution of motor vehicles and consumer and industrial products to shipping services and insurance services.

The Group's business is divided into Sectors, each broadly reflecting the responsibilities of a main board director. Due to the continuing needs of management development, Inchcape is looking to recruit Sector Controllers who will operate as an integral part of the Group Finance function in London. The Controller provides a full financial service to line managers and supports them in the achievement of business goals as well as being a prime source of information to Group management on business performance in the Sector.

Candidates, probably in their 30's, will be qualified accountants with financial management experience gained in both line and staff positions in a major multinational organisation. The role will involve overseas travel and international experience would be an advantage.

This is a high profile appointment which will offer the opportunity to gain in-depth exposure to the commercial aspects of running a successful international business. It also offers excellent career development prospects.

Remuneration is negotiable around £45,000 and is supported by a generous range of benefits, including share options, pension and private medical insurance.

Please reply in confidence, giving concise career, personal and salary details to Peter Sandham, quoting Ref: L540, at Egor Executive Selection, 58 St. James's Street, London SW1A 1LD (071-629 8070).

Inchcape

THE INTERNATIONAL SERVICES AND MARKETING GROUP

Computer Auditors

Major International Bank

City ***c.£40,000 package plus car***

Our client, a major international retail bank with global interests, is currently seeking to strengthen its computer audit/IT function. The bank adopts a progressive attitude to all aspects of its business and is currently utilising a range of technology to support its impressive portfolio of products and services.

They now wish to appoint two qualified ACAs with three to four years computer experience gained either within a banking/commercial environment or a leading firm of chartered accountants.

Applicants should be able to demonstrate a working familiarity with CAATS and display a working knowledge of one of the following:–

- ▲ **Treasury Management**
- ▲ **Retail Banking**
- ▲ **Professional Computer Audit Methodologies**
- ▲ **PC LAN's/IBM AS400**

Working alongside senior management you will enjoy considerable autonomy and exposure at board level. Good presentation skills are therefore essential. Your role will necessitate the ability to work as part of a small, highly committed team addressing key business issues.

These are head office appointments offering variety and the opportunity to travel overseas. Promotion prospects are based entirely on merit and offer ample scope for progression into management either within this department or other areas of the Bank.

For further information please contact ANDREW LIVESEY or ANDREW TATTERSALL on 071-404 3155. Alternatively write to them at ALDERWICK PEACHELL & PARTNERS, 125 High Holborn, London WC1V 6QA. Fax: 071-404 0140.

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FINANCIAL CONTROLLER

Progressive distribution Group

North-West **to £30,000 + car + executive benefits**

Substantial organic growth in £100m t/o holding company, part of an international plc with reputation for innovative management and commitment to quality, creates need for young finance professional to complement high-calibre executive team.

The Role

- Review existing businesses and support Board in strategic development plans.
- Manage central finance team.
- Capex appraisal, financial forecasting, acquisition evaluation.
- Report to Head of Finance and Systems.

Qualifications

- Graduate. Qualified accountant. Preferably ACA. Mid/late 20's.
- High level of technical competence. Commercial flair.
- Communicative. Ambitious. Promotable.

Please apply in writing, enclosing c.v. Contact: Dudley Harrop Ref: M441

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Finance & Administration Director

ISTANBUL

Telecommunications

Circa £38k

Plus Generous Benefits

Plus Car

Our client is one of the World leaders in communications systems. With sales in excess of US$ 14 billion they operate in 110 countries, have subsidiaries in 75 and manufacturing units in 22 countries worldwide.

Based in the Turkish subsidiary, you will be responsible to the General Manager for all financial and administrative functions, including reporting, control, analysis and forecasting. You will also take responsibility for;

- Systems review and computerisation
- Deputising for the General Manager

As a member of the senior Financial Team within the group you will liaise with the Headquarters in Paris and other business centres within the organisation.

You will have a degree or equivalent and be a qualified accountant with several years experience in a sharp-end commercial environment. Computer literate, you must be well-organised, pragmatic and have the ability to work on your own initiative. Perseverance, diplomacy and resilience are a must.

Capable of handling a growing management remit in this expanding business, you will be fluent in English, with a knowledge of Turkish being advantageous.

This is a senior appointment. Besides an excellent salary with the possibility of capital accumulation, opportunities to move into a General Management role are available. Career prospects within the group are outstanding for the excellent performer.

Interested candidates should write in confidence to: Nicholson International (recruitment consultants), Imperial Buildings, 48/56 Kingsway, London WC2 6DX quoting reference no: 9130, or fax details on 071-404 8128 or call directly on 071-404 5501 for an initial discussion.

ni NICHOLSON INTERNATIONAL

FINANCIAL CONTROLLER DIRECTOR POTENTIAL

Food Processing Industry

East Midlands **c£35,000 + car**

Our client is a major, long established, privately owned food processing group with an extensive UK and international client base. This fast moving and highly competitive business which supplies many of the top high street retailers, needs to recruit an experienced finance professional to join the senior management team.

Reporting to the Chairman, the successful candidate will be expected to make a major contribution to the development of the business as well as help guide improved use of computer technology. Responsibilities will include all management and statutory accounting requirements assisted by a well motivated and qualified team.

Applications are invited from graduate chartered accountants aged between 33 and 45 who can demonstrate excellent communication and management skills, as well as the expected technical computerised accounting skills. Board promotion prospects are excellent and the remuneration package can be flexed if necessary, and will include a fully expensed car, contributory pension scheme, private health and a discretionary bonus.

Interested candidates should send a comprehensive curriculum vitae, including details of current remuneration and a daytime telephone number, quoting reference 163 to Andrew Sales at:

Kidsons Impey Search & Selection Ltd, 29 Pall Mall London SW1Y 5LP Tel: 071-321 0336 Fax: 071-976 1116

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AMBITIOUS YOUNG CORPORATE ACCOUNTANT

West Midlands **c. £35,000 package plus car**

Age 30-35

Our client, BIMEC INDUSTRIES PLC, a technologically based engineering group, is firmly established in three rapidly growing niche markets. Dynamic expansion, both through organic growth and acquisition is set to continue through the 90's. Within the Group individual businesses enjoy a high level of autonomy, whilst the corporate team plays a key role in formulating group strategy and supporting business units in achieving their objectives. In this fast paced and exhilarating environment, the growth demands that a talented young accountant joins this small, highly-commercial head office team.

Whilst your role will touch on all areas of the business, your primary responsibility will be to act as the 'active link' between the individual businesses and group head office, reviewing and monitoring monthly results and assisting in the preparation of all business forecasts. You will also be expected to make an important contribution to the interim and year end reports. The demands on your time will prove to be technically varied and commercially exacting.

To succeed in this progressive environment you must be a qualified accountant, with excellent technical and communication skills, who has the ability to react positively to situations as they arise.

Prospects within the group are good for the right candidate.

To apply, please send a full C.V. to Chris Davis at our Birmingham office. ref L480

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FINANCIAL TIMES

A role of high visibility and significant influence in the financial directorate of a £120 million turnover company operating in more than 20 locations in the UK and Ireland as an integrated part of a worldwide Fortune 500 corporation:

BUSINESS ACCOUNTANCY AT THE LEADING EDGE

to c.£40,000 and car **M3/M4/M25**

Reporting directly to the Group Financial Director, you will take up an established position, vacant because of its incumbent's promotion to a corporate role in the US. Your job will be to:

- manage and co-ordinate financial reporting and analysis.
- direct budget processes, drive financial forecasting and optimise UK/international tax planning.
- integrate performance investigation and operational analysis with overall business decision-making.
- develop yourself and your three direct reports for future progression in financial, operational or general management.

Qualified in financial and/or management accounting, perhaps mid-to late 30's with an MBA/equivalent; living within range of the indicated area, please write with succinct letter/CV in confidence to Roger Stephens, who is advising on this key appointment, Reference 9059.

Roger Stephens & Associates

3 Park Street, Old Hatfield, Herts AL9 5AT
Telephone: 0707 275361 Fax: 0707 271366

PLC Group Finance Director

CORNWELL PARKER

fabrics · furniture

c. £60,000 + Bonus — Bucks

Main Board Plc Financial Director appointment. A challenging role for an ambitious, commercially minded finance professional. Opportunity to play a full part in the next stage of growth and development of this diversified, profitable group.

THE COMPANY
◇ Major British Public Group, manufacturing and marketing furniture, furnishing fabrics and wallpaper.
◇ Strong brands in Parker Knoll, Nathan, GP & J Baker, Parkertex and Monkwell.
◇ £90 million turnover - £9 million PBT.

THE POSITION
◇ Full Plc financial management including accounting, corporate finance, treasury, tax and strategic planning.
◇ Representation to Bankers, Investors and City.
◇ MIS and computer service responsibility.

QUALIFICATIONS
◇ 33 - 45 year old, graduate, ACA or ACMA with previous responsibility for a finance function.
◇ Probing, investigative style with exposure to City within a major group.
◇ Strong motivator, communicator and manager.

Please write, enclosing full cv, Ref J9929
54 Jermyn Street, London, SW1Y 6LX

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Finance Director

Licensed Retail Trade

c. £45,000 + Bonus — North West

An outstanding opportunity for a first class financial professional to achieve major career success in the dynamic licensed retail trade.

THE COMPANY
◇ Profitable, strongly established with exciting plans for future growth.
◇ Market leader in sector.
◇ Requires strong financial direction to optimise future business performance and maximise profitability.

THE POSITION
◇ Total responsibility for financial management and well resourced support team. Report to Managing Director.
◇ Major input to overall business strategy.
◇ Direct systems development.

QUALIFICATIONS
◇ Qualified accountant, aged 35-45. Successful record of senior level financial management.
◇ Ideally experienced in multi-site licensed retail trade.
◇ Leader and strong communicator. Familiar with computer based systems.

Please reply in writing, enclosing full cv,
Reference MJ3877
Courthill House, Water Lane,
Wilmslow, Cheshire, SK9 5AP

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Glaxo
Pharmaceuticals UK Limited

FINANCIAL ACCOUNTING MANAGER

West of London

To £40,000
Car and benefits

Glaxo Pharmaceuticals UK Limited is Glaxo Group's UK flagship company with an outstanding record of success in the manufacture and marketing of ethical pharmaceuticals. Current UK sales exceed £300 million and are growing fast.

As a result of internal promotion a Manager is required to lead a team of 9 professional staff responsible for financial accounting for the business. This will include control of the financial systems and provision of accounting information, giving advice and support to line managers, capital accounting, and leading the further development of sophisticated systems, policy and practice.

This is a broadly based and highly visible position where your success will ensure excellent career prospects within the Group.

Currently based at Greenford, Middlesex the Company is moving to prestigious new offices at Stockley Park near Heathrow early in 1991.

Candidates will be graduate qualified accountants with post-qualifying financial accounting experience with a major company. Alternatively, you could be a manager with a large firm of Chartered Accountants. Good technical skills, ideally including some exposure to taxation, and a proven record in managing and developing staff will be important.

You should have the ability to work with and through others, to influence them and be sensitive to their needs while achieving your own goals and deadlines.

To learn more please write to Sue Rossiter, Director, at Barrett Webb Limited, Boston Road, Henley-on-Thames, Oxon RG9 1DY, or fax her on 0491 579825. For an informal preliminary discussion please telephone 0491 410766. Complete discretion is of course assured.

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GROUP CHIEF ACCOUNTANT

North West
to £30,000 + bonus + car

THIS QUOTED COMPANY is a market leader in the automotive servicing and diagnostic equipment sector. Turnover has grown consistently through the last decade, though this has not been mirrored to the same degree by profitability. To rectify this trend, the organisation has been restructured through internal promotions to give a greater emphasis to new product development and a customer-led focus on an international basis.

Reporting to the Group Managing Director, the previous job holder, your remit is to take charge of the accounting function and lead the team. Apart from the obvious tasks involved, there are also Group consolidations, control of computer operations and currency matters which are integral to the role.

You must be a qualified Accountant, preferably of Chartered status whilst exposure to both distribution and manufacturing environments will be a distinct advantage. Commercial awareness, leadership skills and the ability to motivate and manage staff are essential.

If this dynamic, rapidly changing situation interests you, please send your full CV, with salary indicator, in total confidence to **Richard Southwell, Ref: PBM/4597/RS, PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 021 454 5791.**

PA Consulting Group
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LONDON — c.£40,000 PACKAGE PLUS CAR

Financial Controller

For this young, go ahead and successful fast moving consumer leisure products group who design, manufacture and wholesale their goods, is expected to achieve up to a £10m worldwide turnover this year. Prospects for future strong growth in this interesting and challenging field are excellent.

Reporting to the Managing Director, a key task will be to deliver fast and accurate management information to provide the necessary business controls and disciplines to maintain competitive advantage. Leading a small team you will be responsible for their full accounting and MIS functions with a particular emphasis on system enhancements and management controls. The role will also involve some travel to the Australasia companies.

You will be a qualified accountant with significant financial management experience gained ideally within FMCG companies or the industrial sector. Personal attributes must include a liking for a small and informal company culture, good interpersonal skills, very good attention to detail and the ability to be "quick on your feet."

Please send full personal and career details, including current remuneration level, in confidence to Christopher Haworth, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference CH749 on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

RICHARD JAMES ASSOCIATES
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PREMIER HOUSE, 10 GREYCOAT PLACE, LONDON SW1 P1SB
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FAX: 071-233 1759

Royal National **Lifeboat** Institution

Management Accountant

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FINANCIAL TIMES
COMPANIES & MARKETS
Friday September 28 1990

INSIDE

Vickers shoots ahead with 24% increase

Vickers has done well in defending its patch over the last 12 months. The engineering, defence and luxury cars group yesterday reported a 24.4 per cent increase in pre-tax profits, but even more encouraging was the receipt of a £150m ($280.5m) tanks order. Sir David Plastow, chairman and chief executive, was bullish about the next 12 months, saying "1990 will be a year of further sound progress." Page 29

Car groups take beating

Falling demand in car and truck markets has hit Fiat, the Italian vehicles group, and Valeo, the French car components group. Fiat fell by 1.6 per cent, its first setback since 1987 (Page 22) and Valeo dropped by 12.5 per cent (Page 24). Meanwhile, Volvo is to spend SKr3bn ($519m) on truck and bus production as part of its strategic alliance with Renault, the French car maker. Page 24

Cutting the buffalo bill

From the Khyber Pass to the South China Sea, people depend on water buffaloes. These big, patient animals are crucial sources of meat and milk, and are so widely used as beasts of burden that they have been called "the Asian tractor". But now, this steadfast beast is on the brink of a revolution. Scientists are trying to create a breed of super buffaloes that produce more food while consuming less. Page 34

Capital proposition

Fears that investment capital will pour into eastern Europe at the expense of Latin America are unfounded, according to a recent study. Latin America benefits from a long-standing capitalist accounting and financial infrastructure, unlike eastern Europe, and its record is more likely to attract direct investment. Deborah Hargreaves reports. Page 27

FT Review of Business Books

Today the Financial Times publishes its quarterly review of the latest books on economics, industry, management, trade and finance. John Plender reviews the memoirs of Lord Young; Guy de Jonquieres reports on a new guide to 1992; and Antony Thorncroft finds a web of greed and corruption in the US records industry. Plus: how to become a chief executive, biographies of Sir Y.K. Pao and Henry Ford II, how to do business in the Soviet Union, the financial traumas of MGM, and more. Section Three

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	450	+	10
Brown Boveri	660	+	55
MAN	339	+	15
Falls			
BMW	384	−	18
DLW	540	−	15
Viag	314	−	11
NEW YORK ($)			
Rises			
Union Carbide	15⅛	+	⅞
Falls			
Chemical Bank	13⅞	−	1⅛
Citicorp	13¾	−	1¼
Nike	61	−	3½
Wells Fargo	43½	−	2⅞
New York prices at 12.30			

PARIS (FFr)			
Rises			
Afrique Occiden	378	+	22
Bouygues	380	+	11
Fonciere Lyonn	618	+	13
Havas	449	+	22.5
Merlin-Gerin	480	+	16
Redoute	2680	+	230
TOKYO (Yen)			
Rises			
Calpis Food	1140	+	140
Falls			
All Nippon Air	1010	−	190
Chiyoda	1060	−	210
Daiken Trade	645	−	95
Namco	2890	−	460
Takuma	581	−	99

LONDON (Pence)			
Rises			
Carlton Comms	323	+	12
Cliffords Foods	446	+	8
Countryside	79	+	17
Grand Met	539	+	10
Hickson	120	+	15
Meyer Intl	325	+	17
Mountleigh	83	+	7
Std Chart	289	+	10
Trafalgar House	193	+	4
Falls			
BET	193	−	14
Baxdon	101	−	8
Bass	938	−	6
Brent Walker	127	−	17
Canning (W)	133	−	9
Clayform	94	−	22
LASMO	447	−	7
Reed Intl	340	−	11
Securiguard	75	−	85
Shell	449	−	8
Sintrom	24	−	24
Smith (David S)	255	−	16
UK Land	125	−	15

Olivetti drops by 41% in first half

By Haig Simonian in Milan

OLIVETTI, the Italian computers and office equipment group, yesterday reported a 41 per cent drop in pre-tax profits to L60.9bn ($51.7m) in the first half of this year.

Battered by fierce competition in the world computer market, operating profits were hit as hard, with a L54.3bn drop from L156.4bn to L102.1bn.

Olivetti said it had been affected both by industry-wide problems, such as the progressive use of smaller computers and standard components, and by "new elements that tended to aggravate the overall context in which we operate". Currency factors were foremost, with a strong lira and relatively weak US dollar.

Mr Carlo De Benedetti, Olivetti's chairman said: "the stagnation of the US market intensified the investments by our US and Japanese competitors in Europe." Moreover, demand in Europe – Olivetti's prime market – declined during the period.

The circumstances resulted in a deterioration in Olivetti's net debt position, with an increase in net operating working capital to L164.7bn and an overall rise in net financial indebtedness to L635.6bn.

The group took some comfort from the continuing growth in its sales, with a 5.8 per cent increase in the first half from L3,937.8bn to L4,167bn. At fixed exchange rates, turnover would have risen by 8.8 per cent, it said. Meanwhile, orders jumped by 10.3 per cent.

Although Olivetti has made much of the fact that its performance remains stronger than that of many of its computer competitors, it has warned of further belt-tightening to come.

Mr De Benedetti said: "We are aware of the absolute necessity of insisting upon cost reductions in order to adjust [our strategic choices regarding products and distribution channels] to the changed market scenario. This is a difficult but indispensable task." The company has not given any details on the cuts envisaged. However, these are known to involve savings in the white collar areas as much as in production.

Olivetti's ordinary share price, fixed before the profits announcement, rose by L67 to L3,828 in Milan yesterday. Mr Vittorio Cassoni, Olivetti managing director, said yesterday, "I am convinced that we can go it alone." ome analysts have suggested that Olivetti needs to find a partner if it wants to remain an international force. "The company is making money. We are not losing money and we are not losing market share," he added.

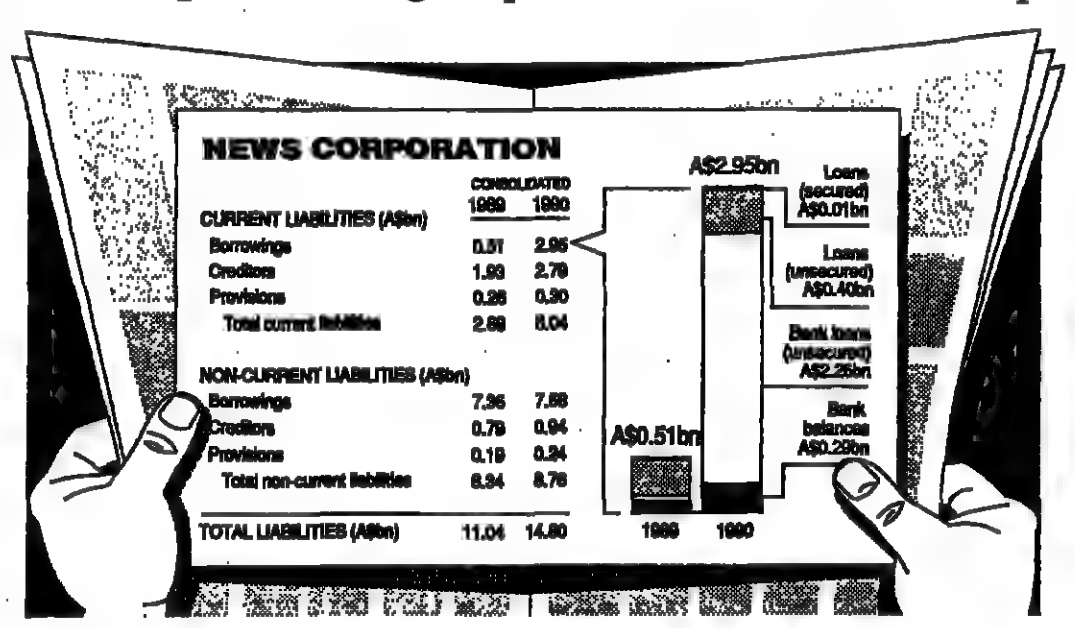
Debt clouds ride high in the Sky

Kevin Brown looks at the options facing Rupert Murdoch's News Corporation

Shares in News Corporation, Mr Rupert Murdoch's master company, took another battering on the Australian Stock Exchange (ASX) yesterday amid worries about the media group's borrowings and earnings prospects.

News Corporation closed 50 cents lower on the day at A$7.80, after touching A$7.66 in the afternoon – the lowest level since 1986. The shares now stand at just over half the high for the year of A$14.90, and have fallen by A$2.70 since the company announced last month that 1989-90 net profits were down by 43 per cent to A$282m ($235m).

Even a surprise appearance by Mr Murdoch earlier this week at an Australian investment seminar in New York seems to have been insufficient to reverse the trend, despite his assurances that profits will improve this year.



Analysts said the group's continuing problems on the Australian market indicated that investors were concerned about the company's debt, and sceptical that Mr Murdoch could deliver on promises to reduce gearing (net debt as a proportion of shareholders' funds) through increased earnings.

According to the annual report, the group ended 1989-90 with borrowings of A$10.4bn against shareholders' funds of A$9.5bn, but the real worry for investors was a rise in short-term borrowing to A$2.26bn.

Mr Murdoch conceded in New York that short-term debt was too high. This was largely because of the costs of financing an A$1.1bn capital investment programme in the group's printing businesses at the same time as the newly-launched Sky satellite television channel in the UK was losing A$498m in start-up costs and operating losses.

The group should be able to reduce Sky's operating losses this year as the channel increases its penetration of the UK market, but capital expenditure is forecast to remain at more than A$986m as the printing refurbishment programme continues.

The group's major problem is to convince investors that it can generate sufficient earnings to finance this expenditure and reduce debt in the face of slowing economies in each of its big three markets – Australia, the US and the UK.

Mr George Sutton, media analyst with BZW Australia, said investment being undertaken in the printing division would leave News Corporation well placed to benefit from any improvement in the economic picture. The long-term prospects of Sky and the Fox television system in the US remained bright, he added.

Other analysts disagreed, however. "Economic pressure on News Corporation is bound to increase, not decrease, and that makes an earnings-led reduction in debt far less likely," said one.

The uncertain picture is complicated by a virtual ultimatum from the group that it will delist in Australia and move its prime listing to New York or London unless the ASX changes its rules to allow the issue of non-voting and limited voting shares.

News Corporation will ask shareholders at its annual meeting in October to approve changes to the company's articles to allow a one-for-one bonus issue of limited voting preference shares early next year.

Mr Murdoch has specifically ruled out a rights issue. However, the plan has led to widespread concern in Australia that the company might later use limited or non-voting shares to raise capital without diluting the control of the Murdoch family. Other executives of News Corporation say the group is keen to resume acquisitions at some point, and the ability to issue non-voting shares would then be a useful tool.

Delisting in Australia might make little difference to the group in practical terms since it is already traded in London and on the New York Stock Exchange. Both of these exchanges are prepared to list non-voting shares. News Corporation would remain subject to Australian accounting standards and regulatory supervision as long as it remained incorporated in Australia.

But the group could face political problems if it was perceived to be abandoning Australia. The federal Labor government has exempted Mr Murdoch from its ban on foreign ownership of Australian media on the grounds that he is a special case because he was an Australian when the assets were acquired.

Delisting might draw attention to the fact that Mr Murdoch took US citizenship to comply with similar US rules on media ownership, and might outweigh the support given to the Labor government by his newspapers. Nonetheless, News Corporation has pulled few punches in pressing the ASX to alter its rules. It appears confident the exchange will shift its ground in the face of the possible loss of one of its most heavily-traded stocks.

However, the proposal has stirred up powerful opposition from institutional investors, including the three largest – the AMP Society, National Mutual and Bankers Trust Australia.

Mr Leigh Hall, chief investment manager of the AMP Society, said Mr Murdoch's proposals would breach the ASX principle of one-share, one-vote and weaken the ability of shareholders to dismiss inefficient managements.

"I also think that this is the wrong time to be introducing these proposals from a national point of view," he said. "Australia is already regarded overseas as suffering from a lack of corporate regulation and enforcement, and something like this could have unfortunate consequences. Think what might have happened if some of our so-called entrepreneurs had had access to this kind of funding."

The most likely outcome is that the exchange will agree at its December meeting to change its rules, but will also insist on safeguards for shareholders: for example, by giving non-voting shares a vote on proposals which might benefit directors.

Such a compromise would give News Corporation the option of using a rights issue to ease its debt problem without threatening Mr Murdoch's control – even though that is not what he says he has in mind. It might equally allow the company to issue paper in exchange for an acquisition. These possibilities lie behind the stock market's jitters.

Mr Murdoch has demonstrated a consistent ability, when pressed, to make disposals at a good price; and he retains, say his colleagues, the confidence of his bankers. The stock market is unlikely to be convinced, however, until it sees a clear path to profitability at Sky.

Lex, Page 20

Swedish groups act on bourse crisis

By Robert Taylor in Stockholm

SWEDEN'S finance companies are holding an emergency meeting in Stockholm today to discuss a crisis of confidence in their activities on the Swedish stock market this week which threatens to become serious unless settled quickly.

"We hope to come up with a solution by Monday," said Mr Stig Danielsson, head of Sweden's bank inspectorate.

Share trading on the Stockholm bourse has now been stopped in six listed companies. These are the finance group, Nyckeln, and its leading shareholder Beijer Capital; the finance company, Infina/Independent, with its stockbroking arm Consensus and Adepten, along with its main shareholder Fermenta; and finally Gamlestaden, the financial company controlled by the financier Erik Penser.

The events surrounding the finance companies underline the feverish atmosphere on the Stockholm bourse, reflecting fears about a Gulf war and the troubles of the Swedish economy. Yesterday the bourse index fell to its lowest level since the end of November 1988.

Sweden's financial companies are particularly sensitive to the mood of the market, relying for their liquidity on short-term trading in their loan certificates by the big institutions.

The trouble started on Monday when Nyckeln suddenly revised its 1990 profits forecast from an earlier figure of SKr175m ($30.3m) to SKr25m, due to the falling value of its substantial property investments in Sweden and London.

A rumour swept the bourse that Nyckeln wanted to sell its stake in the Allhus property company and could not find a buyer. As a result, market buyers were reluctant to trade in the company's short-term loan certificates. This seems – to the surprise of some observers – to have had a domino effect as the market then began to take a critical look at the other leading finance companies.

Yesterday Infina/Independent – suspended on Wednesday along with its main shareholder Fermenta – reported losses for the first eight months of SKr325m, much worse than expected. It added that the loss for its stockbroking arm Consensus was SKr220m.

A source at the bourse said if the banks or the main shareholders of the finance companies could provide them with a surety, what is still "a small crisis" would be over.

Union Carbide unveils asset sales in bid to buy back stock

By Karen Zagor in New York

UNION Carbide, a leading US chemicals group, yesterday surprised analysts by announcing asset sales and a large stock repurchase programme more than six months after the company's board rejected a radical restructuring plan.

Its shares added $⅝ to $14⅝ at mid-day yesterday, and the issue was one of the most active of the morning on the New York Stock Exchange.

Mr Robert Kennedy, chairman and chief executive, said the company intended to focus on being the low-cost preferred supplier to those segments in which it participates.

"It was a surprise that they managed to do something," said Mr Leonard Bogner, a chemicals industry analyst at Prudential Bache.

Carbide's plans include selling its 50 per cent interest in Kemet Electronics and Lincare, which the company said no longer fit its strategy.

The group will also continue trying to sell up to 50 per cent of its UCAR Carbon business. Carbide hope to have a transaction completed in the first quarter of 1991.

It will also restructure its retail packaged gases business, including the divestment of about $55m of assets and businesses. The segment will be run as a group of regional companies outside the corporate structure.

The packaged gases restructuring and the UCAR and Lincare transactions are expected to yield after-tax proceeds (including debt assumed by others) of more than $600m.

Instead of using the proceeds to reduce debt, Carbide hopes to repurchase 20m shares of common stock, about 14 per cent of shares outstanding, in a Dutch auction. It will announce the price range for the auction on October 1.

"Management and the board believe that the company's stock is undervalued at the current market level and represents an excellent investment for the company, despite market concerns about the chemical industry down cycle," said Mr Kennedy.

Polly Peck director goes to SFO

By Clay Harris and David Barchard in London

MR DAVID FAWCUS, finance director of Polly Peck International, was questioned yesterday by the Serious Fraud Office.

Mr Fawcus is understood to have visited the SFO's headquarters at its request, not under compulsion. It is likely he was asked questions relating to the statement given to the SFO last week by Mr Asil Nadir, chairman and chief executive.

Polly Peck, meanwhile, has still not produced a statement which meets the approval of the Stock Exchange's quotations panel. The shares of the fruit trading, consumer electronics and leisure group have been suspended since last Thursday.

Since then, directors have been meeting more or less in permanent session in the company's Berkeley Square headquarters.

For much of that time, two separate meetings were in progress. Mr Nadir and his advisers, including lawyers, met in one room, and the other directors and their advisers met in another, with both sides passing papers back and forth.

This arrangement underlines the fact that the company's interests and Mr Nadir's are not necessarily identical. When Polly Peck finally comes up with a statement that wins Stock Exchange clearance, it is expected to be accompanied by a separate announcement by Mr Nadir.

The delay has even sparked suggestions that Mr Nadir was trying to revive a buy-out plan like his brief one in August.

Leaving aside the astonishment this would cause, the prospects of his financing a buy-out are daunting. Under the Takeover Code, Mr Nadir would have to match the best price he has paid in the past three months, believed to be 296p.

Even then, he would have to raise more than £920m ($1.7bn) to buy out the other shareholders, before taking into account the company's heavy debt burden.

One senior Turkish banker said: "Unless he has resources we don't know of, there is absolutely no possibility of doing this. I have not heard of any attempt to raise new funds for a Polly Peck buy-out by Mr Nadir."

Meanwhile, mystery surrounded the identity of Mr Behçet Ali, who was belatedly named as having sold 450,000 Polly Peck shares during the buy-out approach in August.

The name appears to be that of a Turkish Cypriot since Behçet and Ali are both personal names and do not occur as surnames in Turkey. Turkish Cypriots quite commonly lack family names.

But one Turkish Cypriot in London said he knew of no compatriot of that name wealthy enough to own such a large chunk of Polly Peck shares. He said it was possible that the name might belong to a Turkish mainlander who had concealed his surname.

Share maze, Page 26

Beazer three-month profits fall by a quarter

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Beazer, the heavily-borrowed UK construction group, fell by more than a quarter during the year ended June 30 to £105.7m ($197m) from £142.5m.

Interest charges rose to £90.9m from £56.3m despite a reduction in group debt to £880.5m from £1.13bn. Gearing at the end of June was 82 per cent compared with 97 per cent at the end of June last year.

More than 95 per cent of Beazer's debt is denominated in dollars. Borrowings rose dramatically following the purchase two years ago of Koppers, the US aggregates business.

In dollar terms Beazer's debt has fallen to $1.53bn from $1.97bn since June last year. The US accounted for 60 per cent of operating profits last year.

Housing and commercial property profits over the same period fell to £75.9m from £126.8m. UK housing profits fell to about £60m from about £100m. The figures included a £12m write-off against the group's UK housing land bank.

Beazer's group's share price fell 1p to 89p in London yesterday following the results. It has fallen more than 46 per cent since the beginning of August when it stood at 166p.

The final dividend was unchanged at 5.05p, making a total dividend of 7.75p, an increase of 3.3 per cent. Earnings per share, fully diluted, fell from 29.9p to 21.51p.

RAS premium income up 10.3%

RIUNIONE Adriatica di Sicurta (RAS), Italy's second-biggest private-sector insurer, raised group premium income by 10.3 per cent to L2,798bn in the first half of this year, writes Haig Simonian.

Operating earnings dropped to L71.7bn ($60m) from L73.4bn in the first six months of 1989 following a further deterioration in non-life underwriting income in the domestic market this year.

Montedison plans to raise L2,500bn in fresh capital

By Haig Simonian in Milan

MR RAUL Gardini, chairman of Montedison, yesterday announced plans to raise up to L2,500bn ($2.12bn) in fresh capital, in a clear step to underline his ability to take control of Enimont, the Italian public-private chemicals joint venture.

The proposal, on the eve of Enimont's shareholders' meeting due later today, will allow Montedison to "take on the eventual obligations linked to the acquisition of Enimont and its development," according to Montedison.

The company gave no details of either how the sum would be raised, or the timing. But it said the operation, which would only take place after the already announced merger of Montedison and Ferruzzi Agricola Finanziaria later this year, had been approved by Ferruzzi Finanziaria (Ferfin) and the Ferruzzi family.

This has led analysts to believe the group probably intends to raise most, if not all, of the cash through a rights issue, rather than by borrowing.

Raising L2,500bn would allow Montedison to match the estimated sale price for the 40 per cent in Enimont currently held by Eni, the state-owned energy group. Following the impasse between Montedison and Eni on the Enimont board, the Italian government has set precise rules for the divorce between the two reluctant partners.

Montedison has a fixed period to buy Eni's stake in Enimont at a price yet to be determined. If it refuses, Eni is committed to buy the Montedison holding at the same price.

But some analysts have speculated that the conditions set by the Italian government on Enimont's future may make Mr Gardini reluctant to purchase.

Separately, Montedison reported group net profits in the first half of this year, net of the Enimont operation, slipped to L225bn from L275bn in the same period last year, sales fell by 7 per cent to L2,673bn.

The company blamed the decline on the general downturn in the world chemicals business and greater competition in pharmaceuticals.

Matters had been exacerbated by lower sales prices for some products, as well as the strength of the lira, it said.

Montedison was also hit by the sharp fall in first-half profits at Enimont, to L151bn from L526bn in the same period last year. Sales declined by 12 per cent to L7,194bn.

● Eridania, Ferruzzi's agribusiness, raised group sales by 4 per cent in the first half of this year to L4,688bn. Group net income soared by 115 per cent to L112bn from L52bn in the first half of 1989, boosted by asset sales.

The group, Europe's biggest sugar producer, warned that earnings for the year as a whole would not maintain present levels, due mainly to the Gulf crisis.

Falling sales depress Fiat

By John Wyles in Rome

FIAT, the Italian vehicles group, reported first-half profits down by 1.6 per cent – the first such setback since Fiat began publishing consolidated results in 1987. The figure reflects falling demand in some car and truck markets coupled with a drop in the group's share of Italian car sales.

Nevertheless, the group said yesterday that pre-tax consolidated earnings of L2,454bn ($2.09bn) were "satisfactory."

Industrial sales rose slightly to L26,834bn while financial services and insurance revenues were boosted from L860bn to L3,474bn by the consolidation of results from the Toro insurance company and the La Rinascente department store chain. The pre-tax profit margin of the group fell from 10.4 per cent of sales to 8.1 per cent.

Fiat said that its full-year sales should reach L60,000bn but warned that profits would be affected by the slowdown evident towards the end of the first half and by the impact on markets and costs of the Gulf crisis, rising inflation in Italy and "the serious state" of the national budget deficit.

In the first half, the company had felt the impact of a "lower competitiveness" due to Italian inflation levels. In addition, economic austerity in Brazil brought losses of more than L300bn among the group's Brazilian companies.

On June 30, the group had a cash balance of L3,030bn, an increase on the December 31 1989 figure of L2,121bn largely attributable to the consolidation of new companies. Liquidity of the industrial companies fell by L177bn to L2,597bn.

Sales at Fiat Auto, the group's core company, rose by only 3.4 per cent to L15,860bn. By selling 1.08m passenger cars overall, and 740,600 in Italy, Fiat took 15 per cent of the European market and 54.3 per cent in Italy – fully 3.1 percentage points lower than in the same period last year.

Other automotive sectors also felt the chill, with industrial vehicle sales falling by 6.1 per cent to 67,300 units and tractors down by 5 per cent. Nevertheless, Iveco's share of western European truck markets rose to 20.8 per cent.

Earth-moving machinery sales fell by 200 units to 3,700, leaving FiatAllis with a 12 per cent share in Europe and 35 per cent in Italy. Sales were up for other industrial activities except for metal products which fell 11.3 per cent.

STET, Italy's state-owned telecommunications holding company, yesterday announced a 4 per cent rise in first-half consolidated pre-tax earnings to L1,435bn on sales of L9,727bn, 11 per cent up on the same period last year, writes John Wyles. The company stressed the growing impact of static tariff levels which the government has held frozen for the past four years. Investments were L4,985bn and should reach L10,000bn in the full year while consolidated net debts of L15,084bn have risen by L770bn since the start of the year.

Pernod slips but hopes for rise in full year

By George Graham in Paris

PERNOD RICARD, the French drinks group, has reported lower first-half profits but is still expecting to boost earnings by more than 10 per cent for the full year.

The company said yesterday that operating profits dropped by 13 per cent in the first half to FFr580m ($110.3m), on sales 3 per cent lower at FFr7.1bn.

Net profits totalled FFr358m, which would have represented a 5 per cent drop from the first half of 1989 had it not been for the impact of deconsolidating Pernod's 2.77 per cent stake in Compagnie Financière de Suez.

Pernod's initial decision to consolidate this stake by the equity method had raised howls of derision from financial analysts as one of the most bizarre accounting conventions adopted by a major French public company in recent years, and it has now decided to treat the stake by more normal accounting methods.

The company said the fall in net earnings resulted from the fall of the dollar, the rise in the price of alcohol and a significant drop in profits from Orlando Wines, its Australian subsidiary, but also reflected the sale last year of Société Parisienne de Boissons Gazeuses, its Coca-Cola bottling subsidiary, to the US Coca-Cola company.

Second-half comparisons will be affected neither by the deconsolidation of the Suez stake nor by the sale of SPBG, Pernod said.

Thomson signs deal with Fagor

THOMSON, the French electronics group, has signed an agreement with Fagor of Spain to co-operate in the fields of new technologies, components and the exchange of finished products, Reuter reports. Thomson denied a charge by the CGT trade union that the agreement was to prepare for the sale of the company's electrical appliance activities.

Pechiney does better than expected with 6% rise

By William Dawkins in Paris

PECHINEY, the French state-owned aluminium and packaging group, yesterday reported a better-than-expected 6 per cent net profits rise for the first half of the year, but a steep earnings decline for its quoted subsidiary, Pechiney International.

Profits of the parent company rose from FFr1.17bn ($222m) in the first half of last year to FFr1.24bn in the six months to June, excluding exceptional gains, on turnover down from FFr44.69bn to FFr40.1bn.

Pechiney's packaging division, including American National Can and Cebal, was the main force behind the profits rise, with a 22 per cent rise in operating earnings from FFr914m to FFr1.11bn.

However, the aluminium division was hit hard by a 27 per cent collapse in prices since the turn of the year, dismissed by Mr Gandois as "completely speculative and without any foundation in economic reality". The aluminium division's operating profits plunged by 46.6 per cent from FFr2.36bn to FFr1.26bn.

The industrial components division, which includes Howmet, the US maker of turbine parts, provided another drag on performance, with operating profits down from FFr606m to FFr491m.

However, Mr Gandois was optimistic about Pechiney's outlook for the second half of the year because aluminium prices were recovering, Howmet's margins were improving, while demand for beverage cans was stronger than the previous year.

Pechiney International, which is 75 per cent owned by the group, and embraces most of its packaging operations plus some aluminium capacity, reported a 40 per cent fall in net profits from FFr674m to FFr402m. Its packaging division managed a steep rise in operating profits from FFr914m to FFr1.11bn, but that was wiped out by the drop in earnings from aluminium and from Howmet.

Mr Gandois predicted that Pechiney International's full year profits would be near the 1989 level in dollar terms, but show a decline in francs.

Pechiney yesterday confirmed a long-awaited deal under which Assurances Générales de France, the state-owned insurance group, and Banque Nationale de Paris, the state-owned bank, would take a combined 10 per cent stake in the parent company. The state will transfer some of its directly held shares to the two institutions, which will use the Pechiney equity to strengthen their capital bases.

Paribas up 30% at half-time

By George Graham in Paris

PARIBAS, the French investment banking group, has reported a 30 per cent advance in first-half net profits to FFr2.49bn ($473m), with substantial capital gains and investment earnings offsetting a sharp decline in operating income.

Income on Paribas's revenue account, which includes earnings from its main banking subsidiaries as well as dividends from its investment portfolio, plunged to only FFr168m in the first half, compared with FFr1.05bn in the first half of 1989.

This decline reflected weaker earnings from Paribas's banking activities, which have suffered from the inversion of the interest rate structure in France, but principally from a substantial increase in bad debt provisions.

The bank set aside FFr2.3bn to cover commercial loan risks, compared with FFr1.8bn of provisions for both commercial and country risks in the first half of 1989. Paribas is no longer making new provisions for country risks, because it and its subsidiary Crédit du Nord covered their entire exposure last year with an innovative insurance policy.

However, analysts said the sharp drop in earnings from this side of Paribas's business also reflected the heavy cost of carrying its investment portfolio, which expanded in the first half with the doubling of its stake in Navigation Mixte, as a result of its unsuccessful takeover bid, and the FFr2.7bn acquisition of the majority of Guyomarc'h, the poultry and petfoods group which is now its second largest equity holding.

The decline in earnings on the revenue account was compensated for by profits of FFr2.32bn on the capital account, nearly two and a half times more than in the first half of 1989.

Part of this exceptional increase came from the sale of a prestige building on Paris's Place de la Madeleine to insurer Assurances Générales de France (AGF), reaping a pre-tax profit of FFr1.3bn. Paribas officials pointed out, however, that their capital account included not only non-recurring capital gains but also the group's share in the earnings of companies accounted for by the equity method.

Paribas said its net asset value, excluding minorities, rose to FFr47.5bn on June 30. In asset value per share this represented FFr750, the same figure as at the end of December.

The plunge in stock markets since the first half closed has, however, knocked another 9 per cent off Paribas's net asset value, which at August 31 stood at FFr43.2bn, or FFr680 a share.

Paribas said net profits for the full year should be up on 1989's FFr3.45bn, with a slight dilution in earnings per share.

CREDIT NATIONAL, which provides investment finance for French industry, said pre-tax profit fell to FFr383m from FFr435.6m. Net banking income rose to FFr993.5m from FFr834.4m. The bank said consolidated profits this year are likely to be similar to those of 1989, when it earned FFr884.7m before tax and FFr691m after tax.

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Company announcement

Loraine Gold Mines, Ltd

EXPLORATORY DRILLING PROGRAMME

The Company is the holder of the mineral rights over the farms Zuurbron 444, Eldorado 211, Allanridge 425, Paradise 222, Siberia 230, Dreyerskuil 420 and certain portions of Le Roexs Pan 240, an area totalling 4 237 hectares, in the district of Odendaalsrus. An exploratory drilling programme comprising six boreholes within this area (which is to the north of and adjacent to the Company's mining lease area) has been completed

At the commencement of the drilling programme, two boreholes existed within the area. These were S1 and LRP2 which were stopped in Ventersdorp lava at approximately 2 000 metres below surface. The programme was undertaken in two phases. The first phase comprised the drilling of borehole RS1 and the deepening of borehole S1. The results from these boreholes were published in the Company's 1984 annual report. The second phase comprised the drilling of boreholes DKL2, S2, Z1 and DKL1, the last of which has just been completed The locations of the six boreholes are depicted in Figure 1. Sun Prospecting and Mining Company (Pty) Limited ("Sun"), the company conducting a regional exploration programme to the north of the Company's area of interest, undertook the drilling of DKL2 at its cost, with the Company and Sun sharing the cost of borehole S2. The drilling results of S2, Z1, DKL1 and DKL2, together with the results of S1 and RS1, are tabulated in Schedule 1

The results have indicated that at least portions of this area are underlain, at mineable depth, by a number of well developed conglomerate reef horizons hosted by the rocks of the Central Rand Group as exploited in the O.F.S. gold-field.

The five reef bands which show significant gold grades are:

Eldorado (Elsburg) Formation	– Eldorado reefs
Aandenk Formation	– "A", Big Pebble and "B" reefs
Harmony Formation	– Basal reefs.

The stratigraphic sequence and relative position of the reefs is represented in Figure 3.

- Drilling results have confirmed the continuation of the Eldorado reefs, with good gold grades, in a northward direction along the synclinal structure (shown in Figure 4) which controls this reef development.
- The Big Pebble reef horizon, comprising three conglomerate zones, is present in all boreholes. As seen at the Company's mine, in recent development exposures and drilling, it appears that the best mineralization straddles the axis of the syncline. Apart from borehole S2, which gave good results, all other intersections are considered to be too far east from the structure.
- The "B" reef in the vicinity of the synclinal structure showed good gold grades and lies on a quartzitic footwall, rather than the shale footwall to this reef at the Company's mine, which could result in a more even gold distribution with less channeling.
- The Basal reef has been intersected in two boreholes in this area of which Z1 yielded encouraging values.

The structures controlling reef depths, attitude and positions relative to each other are understood only as far as the sparse borehole data allows and by projecting the known structure on the Company's lease area northwards (refer east-west section, Figure 4).

It is apparent that the synclinal feature which characterises the western portion of the Company's lease area persists in a northward direction over the project area. The depth to the various reef horizons varies in general between 2 000 and 3 000 metres below surface. It is interpreted that the trough area within this structure controls the payability of the Eldorado and Big Pebble reefs. This interpretation has formed the basis of the proposed exploration borehole programme (see Figure 2).

The Company's technical advisers consider that the drilling results to date are sufficiently encouraging to warrant a further more detailed drilling programme, the proposed locations of the holes being depicted in Figure 2. Accordingly, the technical advisers have recommended to the Board that such a programme be undertaken – at an estimated cost of approximately R36,5 million spread over 24 months – in order to determine the nature, location and extent of payable ore reserves underlying the area in question. The Board has accepted this recommendation.

A further announcement will be made in due course to inform shareholders of the proposed method of funding the exploration programme. The method of funding will be designed to ensure that the programme will not have to be curtailed in the event of excessive demands on the Company's cash reserves as a consequence of the Company's current and foreseen operating losses arising from the static low rand gold price. Pending the further announcement, shareholders are advised to exercise caution in respect of any dealings in the Company's shares

27 September 1990

SCHEDULE 1 — BOREHOLE SAMPLING AND ASSAY DATA

Borehole DKL 1 (Collar elevation: 1 298,80 m above sea level)

Reef intersections		Depth (m)	Corrected width (cm)	cm – g/t	calculated g/t
"A"	1.	2 496,67	80,34	377,11	4,69
	2.	2 496,43	85,10	747,82	8,79
	3.	2 496,96	85,50	724,65	8,48
	4.	2 496,98	81,75	443,66	5,43
Average total channel	(4)		84,17	573,31	6,81
Big Pebble – Top	1.	2 505,39	69,54	131,68	1,90
	2.	2 505,29	78,72	88,93	1,13
	3.	2 505,50	68,97	111,66	1,62
	4.	2 505,34	87,18	93,53	1,07
Average total channel	(4)		76,10	106,50	1,40
Big Pebble – Middle	1.	2 507,29	124,04	94,87	0,76
	2.	2 507,29	137,64	61,38	0,45
	3.	2 507,41	125,16	77,32	0,62
	4.	2 507,25	127,79	66,13	0,52
Average total channel	(4)		128,66	74,93	0,58
Big Pebble – Bottom	1.	2 511,35	337,35	345,53	1,02
	2.	2 511,22	341,46	256,49	0,75
	3.	2 511,64	342,94	348,61	1,02
	4.	2 511,25	323,55	337,97	1,04
Average total channel	(4)		336,33	322,15	0,96
"B"	1.	2 539,89	28,19	62,23	2,21
	2.	2 539,36	25,60	46,56	1,82
	3.	2 540,00	35,71	76,14	2,31
	4.	2 539,46	30,43	71,88	2,36
Average total channel	(4)		29,98	64,20	2,14
Basal	1.	2 771,89	5,35	246,46	46,07
	2.	2 771,80	8,46	226,80	26,81
	3.	2 771,76	3,86	225,06	58,54
Average total channel	(3)		5,89	233,06	39,57

Borehole Z 1 (Collar elevation: 1 307,10 m above sea level)

Reef intersections		Depth (m)	Corrected width (cm)	cm – g/t	calculated g/t
Eldorado		2 076,56	61,54	3 803,65**	61,81
"A"	1.	2 438,25	6,85	67,90	9,91
	2.	2 439,20	9,78	88,63	9,06
	3.	2 439,04	5,91	15,17	2,57
	4.	2 439,33	23,96	137,51	5,74
Average total channel	(4)		11,63	77,30	5,65
Big Pebble – Top	1.	2 445,82	54,09	46,10	0,85
	2.	2 445,72	66,65	39,02	0,59
	3.	2 445,59	44,81	40,31	0,90
	4.	2 444,86	66,35	49,76	0,75
Average total channel	(4)		57,98	43,00	0,76
Big Pebble – Middle	1.	2 450,15	188,36	25,47	0,14
	2.	2 450,11	304,27	285,19	0,94
	3.	2 450,06	215,67	134,57	0,62
	4.	2 449,46	244,38	150,71	0,62
Average total channel	(4)		236,17	148,99	0,63
Big Pebble – Bottom	1.	2 460,82	293,47	51,76	0,18
	2.	2 459,92	262,73	46,67	0,18
	3.	2 460,75	311,99	59,43	0,19
	4.	2 460,60	250,54	65,50	0,26
Average total channel	(4)		279,68	55,69	0,20
"B"	1.	2 478,99	23,67	738,75	31,21
	2.	2 479,29	26,41	510,46	19,33
	3.	2 479,69	23,02*	392,01	17,03
	4.	2 478,62	26,41	506,42	19,18
Average total channel	(3)		25,50	585,21	22,95
Basal	1.	2 769,19	9,82*	81,62	8,31
	2.	2 768,62	31,88	683,60	21,44
	3.	2 768,41	35,28	819,93	23,25
	4.	2 769,36	27,28	226,15	8,29
Average total channel	(3)		31,47	576,56	18,32

* Denotes faulted intersection – ignore for averages
** (Average of three x ¼ core assays, only one intersection available)

Borehole RS 1 (Collar elevation: 1 301,00 m above sea level)

Reef intersections		Depth (m)	Corrected width (cm)	cm – g/t	calculated g/t
"A"	1.	1 640,30	120,98	15,14	0,13
	2.	1 639,39	115,95	–	Trace
	3.	1 639,61	107,70	32,84	0,30
Average total channel	(3)		114,88	15,93	0,14
Big Pebble – Top	1.	1 672,34	13,79	29,78	2,16
Big Pebble – Middle	1.	1 674,67	152,64	584,80	3,83
	2.	1 674,48	145,75	742,00	5,09
	3.	1 674,99	110,29*	193,60	1,76
Average total channel	(2)		149,20	663,40	4,45
Big Pebble – Bottom	1.	1 675,33	64,99	147,30	2,27
	2.	1 675,55	105,38	201,10	1,91
Average total channel	(2)		85,19	174,20	2,04
"B"	1.	1 703,96	24,62	166,70	6,77
	2.	1 704,80	33,81	27,70	0,82
	3.	1 704,88	24,80	72,70	2,93
Average total channel	(3)		27,74	89,03	3,21
Basal	1.	1 916,92	54,59	506,56	9,28
	2.	1 916,88	60,40	108,72	1,80
	3.	1 916,58	58,68	73,35	1,25
	4.	1 916,68	30,91	176,81	5,72
Average total channel	(4)		51,15	216,36	4,23

* Base faulted – ignore for averages

Borehole DKL 2 (Collar elevation: 1 300,10 m above sea level)

Reef intersections		Depth (m)	Corrected width (cm)	cm – g/t	calculated g/t
Eldorado	1.	2 215,41	692,07*	2 714,93	3,92
selected width		2 215,41	298,40*	2 479,76	8,31
	2.	2 217,38	885,08*	2 684,50	3,03
selected width		2 217,38	326,49*	2 179,06	6,67
	3.	2 212,23	530,59*	1 454,44	2,74
selected width		2 212,23	200,03*	1 079,82	5,40
Average total channel	(3)		702,58*	2 284,62	3,25
Average selected width	(3)		274,97*	1 912,88	6,96
Big Pebble – Top	1.	2 948,46	56,45	98,59	1,75
	2.	2 948,28	50,81	93,95	1,85
	3.	2 948,33	44,83	102,19	2,28
	4.	2 984,14	25,61	49,53	1,93
Average total channel	(4)		44,43	86,07	1,94
Big Pebble – Middle	1.	2 952,43	359,47	526,45	1,46
	2.	2 952,29	388,59	653,87	1,77
	3.	2 952,34	361,62	579,95	1,60
	4.	2 952,33	363,39	1 076,18	2,96
Average total channel	(4)		363,27	709,11	1,95
Big Pebble – Bottom	1.	2 955,29	239,64	256,60	1,07
selected width		2 955,29	26,98	198,92	7,37
	2.	2 955,21	249,56	210,91	0,85
selected width		2 955,21	37,86	151,84	4,01
	3.	2 955,25	250,04	223,14	0,89
selected width		2 955,25	30,88	156,37	5,03
	4.	2 955,14	236,37	248,25	1,05
selected width		2 955,14	28,56	179,69	6,29
Average total channel	(4)		243,65	234,73	0,96
Average selected width	(4)		31,07	171,46	5,52
"B"	1.	2 973,37	11,88	2 420,25	203,72
	2.	2 973,27	9,85	668,79	67,90
	3.	2 973,13	11,78	2 944,08	249,92
	4.	2 973,22	7,99	1 269,73	158,91
Average total channel	(4)		10,38	1 825,71	175,97

*Faulting at base – minimum value

Borehole S 2 (Collar elevation: 1 303,70 m above sea level)

Reef intersections		Depth (m)	Corrected width (cm)	cm – g/t	calculated g/t
"A"	1.	2 862,87	100,60	342,06	3,40
	2.	2 861,89	84,29	65,09	0,77
	3.	2 862,85	108,25	631,58	5,83
Average total channel	(3)		97,71	346,24	3,54
Big Pebble – Top	1.	2 896,40	117,96	579,24	4,91
	2.	2 896,32	115,61	674,66	5,84
	3.	2 896,63	116,91	963,88	8,24
	4.	2 896,46	96,75	789,99	8,17
Average total channel	(4)		111,81	751,99	6,73
Big Pebble – Middle	1.	2 901,91	284,25	244,91	0,86
	2.	2 901,95	332,55	226,78	0,68
	3.	2 902,30	323,55	264,43	0,82
	4.	2 902,00	282,29	236,71	0,84
Average total channel	(4)		305,66	243,21	0,80
Big Pebble – Bottom	1.	2 905,40	237,55	996,86	4,20
selected width		2 905,40	38,50	833,14	21,64
	2.	2 905,54	259,81	712,80	2,74
selected width		2 905,54	44,17	519,43	11,76
	3.	2 905,91	280,05	3 031,64	10,83
selected width		2 905,91	53,47	2 803,04	52,42
	4.	2 906,71	234,72	1 536,85	6,56
selected width		2 906,71	47,80	1 397,47	29,24
Average total channel	(4)		253,03	1 570,04	6,20
Average selected width	(4)		45,99	1 388,27	30,19
"B"	1.	2 926,70	8,46	3 726,22	440,45
	2.	2 929,10	9,50	1 925,00	202,63
	3.	2 929,13	11,48	2 439,81	212,53
Average total channel	(3)		9,81	2 697,01	274,83

Borehole S 1 (Collar elevation: 1 306,00 m above sea level)

Reef intersections		Depth (m)	Corrected width (cm)	cm – g/t	calculated g/t
Eldorado (EA 15)	1.	2 230,86	134,38	1 003,18	7,47
	2.	2 226,05	134,26	485,79	3,62
	3.	2 226,11	132,44	820,56	6,20
Average total channel	(3)		133,69	769,84	5,76
"A"	1.	2 683,54	75,30	9,04	0,12
Big Pebble – Top	1.	2 691,30	43,14	12,94	0,30
Big Pebble – Middle	1.	2 694,34	152,80	156,56	1,03
Big Pebble – Bottom	1.	2 698,08	124,04	–	Tr
"B"	1.	2 721,62	15,65	551,51	35,24
	2.	2 719,93	55,40*	48,20	0,87
	3.	2 719,84	48,84	361,80	7,41
	4.	2 719,56	39,26	758,66	19,32
Average total channel	(3)		34,58	557,32	16,12
Basal	1.	3 011,22	Faulted out	–	–
	2.	3 011,50	22,66	59,80	2,64
	3.	3 011,29	22,47	–	Trace
Duplication by faulting	(4.	3 009,88	19,60	48,00	2,45
	(5.	3 012,23	20,48	11,50	0,56
Average total channel	(4)		21,30	29,83	1,40

*Base faulted – ignore for averages

Figure 1

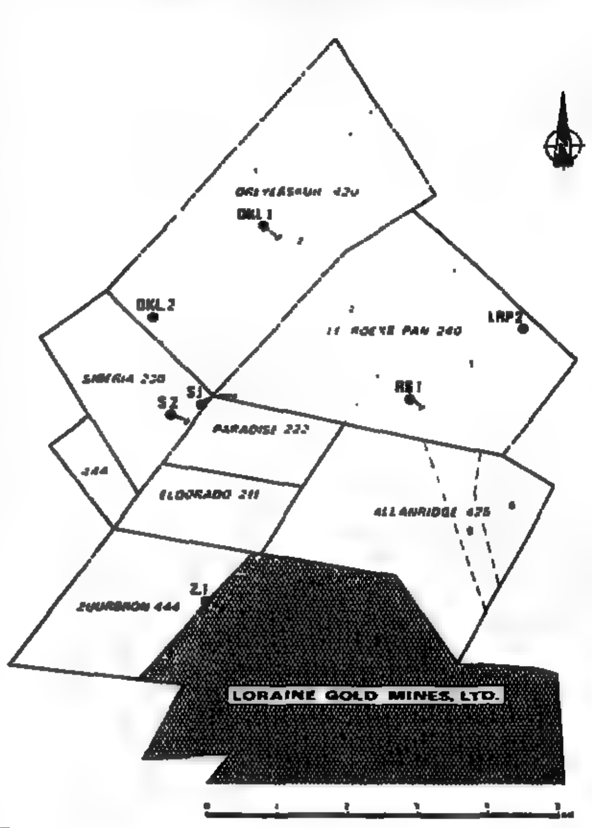


Figure 2

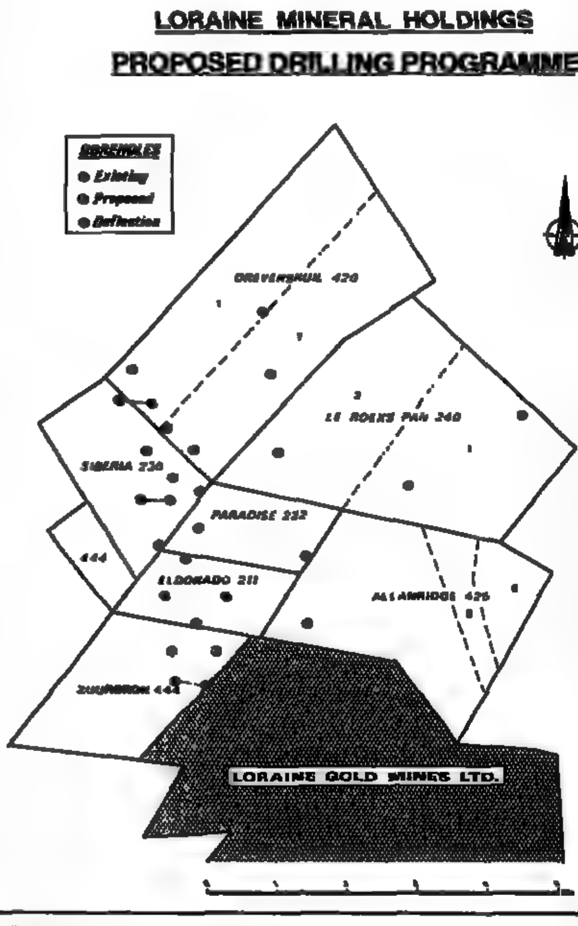


Figure 3 LITHOSTRATIGRAPHY OF CENTRAL RAND GROUP

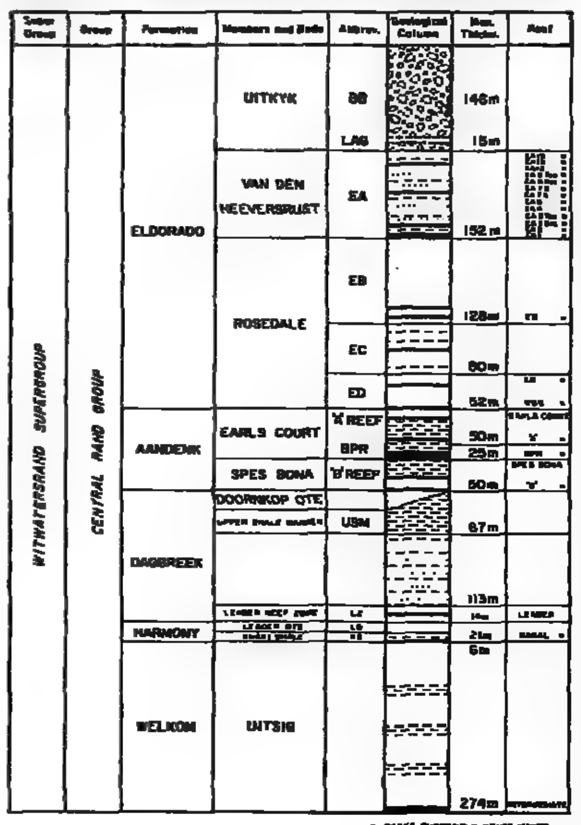
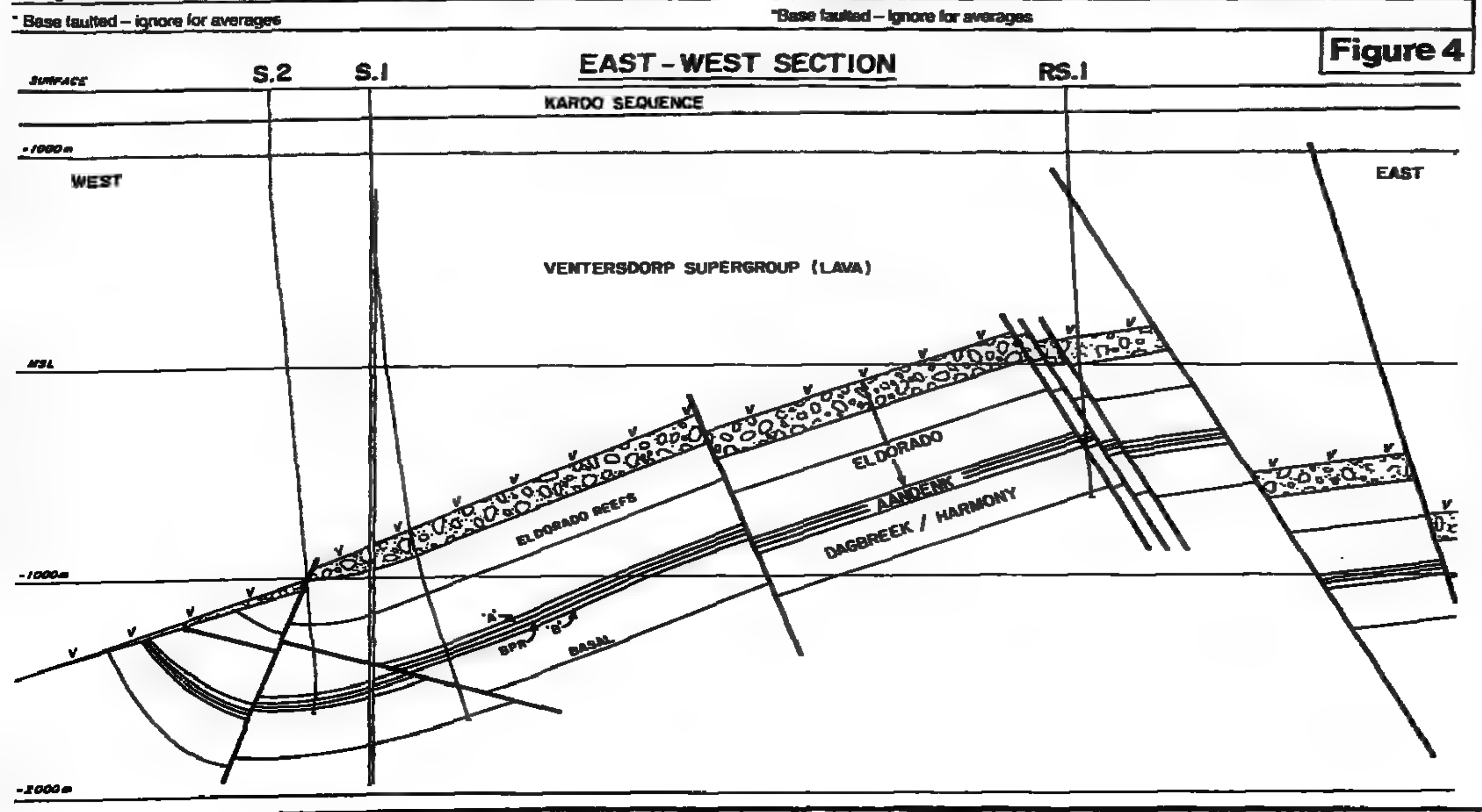


Figure 4



INTERNATIONAL COMPANIES AND FINANCE

Arbitrageurs seek shares ruling over Corroon bid

By Nikki Tait in New York

SOME arbitrageurs who have been badly burnt over the rejection by Corroon & Black, the US insurance broker, of a $40-a-share cash offer from Aon Corporation in favour of a lower all-paper deal with Britain's Willis Faber are asking the Delaware courts to "appraise" the value of their shares, rather than accepting the Willis terms.

Under this route, which can be lengthy, shareholders eventually receive a cash payment based on the appraisal valuation.

The extent of the interest in "appraisal valuations" by Corroon shareholders remained unclear yesterday. One arbitrageur suggested that it could be "substantial". He conceded, however, that the procedure was not commonly used and lack of familiarity might deter some from taking action.

Corroon, which must be notified of each demand for appraisal, declined to comment on the numbers.

The move is potentially significant because one condition of the Willis merger agreement is that shareholders speaking for no more than 9 per cent of Corroon's shares should seek the appraisal route – although such a condition could be waived.

Yesterday, Corroon's only comment was that it was "extremely confident" that the merger would be successful. The US broker is expected to send a supplementary prospectus to shareholders today, detailing the whole Aon affair. The Corroon shareholders' meeting, called to approve the deal, has already been put back to October 4.

Valeo's 13% fall points to slowdown in car markets

By William Dawkins in Paris

VALEO, the leading French car components group, yesterday provided fresh evidence of the slowdown in the US and European car markets, with a 13 per cent fall in net income for the first half of 1990 and a reduced sales forecast for the full year.

Net income before minority charges fell to FFr531m (US$100m), from FFr607m, while sales rose 16 per cent to FFr11.65bn, from FFr10.06bn in the same period last year.

Net margins fell from 6 per cent to 4.6 per cent. Turnover rose by an underlying 1 per cent, adjusting for the dollar's fall and for the first contribution from four acquisitions over the period.

Two-thirds of the profits decline – Valeo's first earnings setback in four years – came as a result of a series of acquisitions in Britain and the US, where operating margins were lower than in the rest of Valeo.

A rise in depreciation, due to an increase in investments over the past three years, accounted for the rest of the profits fall, said Mr Yves Blanc, finance director.

This unexciting performance reflects a stagnant European car market in the first half of the year, with "extremely depressed" markets in the US and Brazil, the company said.

Valeo expects a further slowdown in the current half and has accordingly trimmed its turnover estimate for the year from FFr22bn to FFr21.5bn, against FFr19.5bn last year.

Net income may also be affected, the company warned.

Since the middle of last year, Valeo has bought Blackstone, a US maker of engine cooling systems; Delanair, a British maker of windscreen wipers and car heaters; Fort Worth, a US air conditioner producer and Cartier Systèmes, a French plastic injection moulder. The borrowings incurred to finance these takeovers lifted interest costs by FFr162m, though a fall in exceptional charges compensated for this.

Valeo has attempted to improve profit margins by cutting costs at Blackstone, where it has just closed a factory representing 20 per cent of the US offshoot's capacity. It has also started building a new plant for Delanair in Wales.

Volvo taps reserves for SKr3bn

By Robert Taylor in Stockholm

VOLVO, the Swedish automotive group, is to use SKr3bn (US$519m) from its investment reserves up until 1993 on truck and bus production in Sweden as part of the strategic alliance with Renault, the French car maker.

Volvo's net payment to Renault under the agreement, which was finally signed yesterday, will now be SKr6.8bn and not the SKr7.9bn stated earlier. The Swedish group acquired 20 per cent of Renault's shares with an option for an additional 5 per cent, and 45 per cent in the French company's truck and bus subsidiary RVI.

Renault is purchasing 25 per cent of Volvo car corporation shares, 45 per cent of its truck operations and intends to acquire shares in the open market corresponding to 10 per cent of the voting rights and share capital in the Volvo parent company.

Yesterday Volvo indicated that the company aimed to strengthen its industrial base in Sweden when there is growing concern at the outward flow of industrial investment. It also comes just after the group's announcement of 5,000 job losses, mainly in Sweden, as a result of lower demand for its cars which brought a 52 per cent drop in first-half profits to SKr2.05bn.

The capital spending plans involve several Swedish projects:

- The expansion of the truck assembly plant in Gothenburg;
- Investments in final bus assembly at Boras and Saffle;
- Expenditure on environmental improvements and production equipment in the truck cab plant at Umea and in Skovde;
- Investment in production equipment at its Koping and Lindesberg plants.

Solvay declines 3.6% to BFr8bn

By Lucy Kellaway in Brussels

SOLVAY, Belgium's large chemical company, yesterday announced a fall in profits in the first half, and complained of lower chemicals selling prices, tougher competition and problems associated with a weakening economy.

In the six months to June, consolidated net profit fell by 3.6 per cent to BFr8bn (US$248m), which the company described as modest given the difficult circumstances.

Solvay's subsidiary in Brazil was particularly hard hit as a result of President Collor's economic plan.

Turnover fell by 5.3 per cent to BFr132.4bn, while cash flow rose by 3.5 per cent to BFr16.4bn, boosted by a higher depreciation charge. Sales volume for the group increased in the first half by 1.4 per cent.

For the rest of the year the company warned that profits would fall short of last year's record figures, but said events in the Gulf and uncertainties over oil prices made it difficult to make any predictions.

In the plastics sector, profits and sales were down overall. PVC profits were badly hit by pressure on prices from East European and US imports, but both high-density polyethylene and polypropylene increased profits.

Performance in other sectors was also mixed, with sales up in alkalis and peroxygens processing hit by lower demand in construction and automotive industries, while the health sector increased its profits.

Sharp drop expected at NCNB

By Martin Dickson in New York

NCNB, the rapidly growing US regional banking group, is expecting a sharp drop in its third-quarter earnings per share, compared to the same period of 1989, due mainly to an increase in loan and lease loss provisions.

The North Carolina-based group said yesterday it expected to increase its allowance by $65m to about $590m.

It blamed continuing weak economic conditions and their effect on commercial real estate markets in the south-east.

With net loan write-offs estimated to total between $75m and $85m, the bank expects its third-quarter provision for loan and lease losses to total about $145m, up from $84m in the second quarter.

- Standard & Poor's, the rating agency, has downgraded some $5.2bn of debt and preferred stock of Chase Manhattan, the New York money centre banking group, following its announcement last week of a third-quarter loss due to restructuring charges and additions to reserves.

Statoil to arrange Brage stake sale

By Karen Fossli in Oslo

STATOIL, the state oil company, has been given a mandate on behalf of the Norwegian Oil and Energy Ministry to arrange the sale of the state's 5 per cent stake in the Norwegian North Sea Brage oil and gas field.

BP Norway, the Norwegian unit of British Petroleum, said it had agreed a separate deal to sell its 4.9 per cent stake in Brage for an undisclosed sum to Amerada Hess of the US.

Two years ago, Labour, the then ruling Government, outlined a major shift in policy designed to reduce the state's risk in ownership of North Sea oil and gas fields by urging divestment.

This was accompanied by an announcement that the state would sell its 31 per cent stake in the 700m barrel Snorre oil field.

Statoil is preparing for the Brage sell-off by evaluating a sale either "by invitation only" or by open bidding.

However, the company is confident a deal will be made by the end of this year or during the early part of 1991.

One obstacle which may stymie progress on the divestment is the instability of world crude oil prices which recently hit $40 a barrel. Unstable oil prices pose difficulties for valuation of the asset, Statoil said.

The company, which has first pre-emptive rights of purchase of the state's 5 per cent stake, is not likely to exercise that right, but says talks have yet to commence with companies interested in the acquisition.

"Statoil would have to match any commercial bid put on the table . . . and we believe that it will be an outsider which will take this one," the company said.

Statoil would not comment on its reserves' estimates for Brage but Norsk Hydro, the operator, puts the reserves at 38.5m standard cubic metres of oil and between 2.8bn cubic metres (bcm) and 3.5bcm of gas.

The Norwegian Petroleum Directorate, Norway's oil industry watchdog, puts reserves at 46.2mcm of oil and 3.5bcm of gas.

INTERNATIONAL COMPANIES AND FINANCE

South Africa enjoys a victory for capitalism

Philip Gawith looks at the implications of a new draft Takeovers and Mergers Code

Monday was a good day for capitalism in Johannesburg, the scene appropriately enough being the Johannesburg Stock Exchange (JSE).

The members of the press had explained to them a victory for capitalism's gentler face in the form of the new draft Takeovers and Mergers Code. Sadly this good news was largely drowned by the commotion on the adjacent stock-exchange floor.

All were mollified, however, when it was discovered that the cause of the fuss was an eminently worthy one: a visit by senior officials of the socialist leaning African National Congress, including influential international affairs director Mr Thabo Mbeki.

Even although the country remains preoccupied with such weighty questions as what sort of economic system it will enjoy in future, the arrival of the new code is still being welcomed. It is an impressive document, thanks in no small part to being able to draw heavily on the code drawn up by the City of London Panel on Takeovers and Mergers.

Comments Mr Tony Norton, president of the JSE: "The code is peppered with a domestication of the City code while maintaining its architecture".

As in the UK, the central principle is that of self-regulation of the securities industry. Judge Cecil Margo, chairman of the Securities Regulation Panel which drafted the code, said they had also examined the US example of the Securities Exchange Commission (SEC) and the Australian example which is very rule-based with a high degree of state involvement, but had come down in favour of the British model.

He said South Africa lacked the expertise and incentives required to run an SEC-style operation and the Australian model was thought to have been a failure, largely on account of its inflexibility. Although based on the City code, the local version is a hybrid embracing elements of the other approaches too.

Probably the main difference from the City code is that the South African code enjoys the force of law. Once promulgated, the rules drawn up by the panel, established in terms of the Companies Act 1973, will enjoy the same status as an Act of Parliament.

Flexibility is also a key feature of the code. The panel believes that it must try to provide for every eventuality and that their efficacy will be greatly enhanced by the ability to deal in terms of general principles.

The panel also has legal powers to enforce its rulings. This may be done by the panel applying to the court for an order of specific performance, an interdict, a declaratory order or various other means. Failure to comply with a court order would be contempt of court.

This is a change from the existing legislation in terms of which, Mr Norton admits: "The JSE has tried to be a watchdog, but it has been a dog with rubber teeth." This is because the JSE has no jurisdiction over shareholders and its only sanction has been the unsatisfactory one of suspending the shares of a company to the detriment of the innocent minority shareholders.

Legislation on the question of insider trading was also full of holes, said Mr Norton. It had no application to offerees and in 18 years there has been no successful prosecution for insider trading, despite numerous referrals by the JSE to the Attorney General.

This should change under the code which grants the panel wide powers of investigation including penetrating nominee names, taking evidence on oath and ordering discovery. If the panel uncovers evidence of insider trading it will assist the Attorney-General in his investigations.

It is agreed that the country has its fair share of insider trading, although some, such as Mr Issy Goldberg of the Shareholders Association, consider it to be "rampant". He cites the movement in the De Beers share price from about R60 ($23.5) to R85 in the two days before the share was split recently as "irrefutable evidence that somebody knew something that others didn't".

Judge Margo notes that in line with policy to decriminalise the Companies Act, it is not a criminal offence to break the rules of the code. The sanctions, in the form of heavy fines, are civil. He added: "Our business is to keep business going, to nourish it. Not to destroy it, but to discipline it."

Mr Goldberg believes there are two particularly important features of the code from the small investor's point of view.

First is the fact that any shareholder can approach the panel and, without incurring any cost, ask it to investigate an "affected transaction".

This is, broadly speaking, a transaction or series of transactions in which the offeror gains control – defined, as in the UK, as 30 per cent or more of the voting rights – of a company, or obtains all its shares, or increases his shareholding where he already has control.

Under existing legislation, Mr Goldberg observed, the small man's freedom to challenge such transactions was as illusory as proverbial freedom of the poor man to dine in the Ritz. Cost simply made such an exercise prohibitive.

The second feature of the code is that it makes explicit that "the spirit as well as the precise wording of the general principles and the ensuing rules are to be observed."

Mr Goldberg believes this is a further defence for the small man in that it will no longer avail large corporations to hire expensive legal teams to argue technical points.

Traditionally, South Africa has not experienced much takeover activity because many companies are not "in play". This in turn is because in many cases companies have controlling stakes held by an individual or a family.

The panel is thus more likely to be called on to deal with the expropriation of minorities than with contested situations.

Mr Doug Gair, executive director of the panel, believes however that tighter economic conditions may lead to an upsurge in takeover activity such as happened between 1972-82 when there was an average of about 40 per annum. He estimates activity in recent years to have been about a quarter of this level.

BIL up 10% at NZ$401m despite recession battle

By Terry Hall in Auckland

BRIERLEY Investments has lifted after-tax profits by 10 per cent to NZ$401.7m (US$224.4m) in the 12 months to June 30, in what Mr Bruce Hancox, chairman, said yesterday was the third successive year in which the company had struggled in a recessionary climate.

Mr Paul Collins, chief executive, said in the current situation of the Gulf crisis and recessionary problems in its New Zealand domestic base, it was impossible to provide any forecast, either positive or negative, regarding how the company would perform this year.

A better picture might be gained in December at about the time of the annual meeting.

He noted that the company had managed to provide both dividend increases and growth in earnings per share over the last three years and had the strength to cope with the international downturn.

The result shows the broad change in direction of the company from a corporate raider to a group which regards itself as a long-term investor in strategic cash flow industries.

In 1990, for the first time, profits from trading activities exceeded its dividend and other investment income. Income from trading totalled NZ$495m, or 51 per cent of the gross contribution compared with 45 per cent last year.

In terms of geographical earnings, the UK was the largest contributor with NZ$409m, followed by New Zealand with NZ$225m, which was down from NZ$407m. The sale of its subsidiary, Industrial Equity Ltd, meant that for the first time in 25 years earnings from Australia were drastically reduced to NZ$95m. US profits were NZ$105m.

Mr Collins said that in spite of the poor domestic New Zealand environment, good results were achieved by its associates and subsidiaries including liquor group Magnum, rubber company Skellerup, Union Shipping, Southern Petroleum, Welgas and publisher Whitcoulls.

But results from the apparel and textile group Lane Walker Rudkin and certain non-performing parts of engineering group Cable Price Downer were disappointing and these areas were being tackled.

Mr Collins said the company had found that a 35 per cent shareholding in Air New Zealand had been time consuming. "But we support its ambitious growth plans."

In line with its change in direction to long-term investing, BIL has changed its policy to include earnings on companies such as hotel group Munt Charlotte and Air New Zealand in which it holds stakes of around 30 per cent as balance date.

The previous policy had been only to include investment in 50 per cent-owned subsidiaries. However Mr Collins said both companies had material, long-term relationships and demonstrated the roles of subsidiaries. The two contributed NZ$45.9m.

The profit was in line with market expectations. Total assets rose to NZ$9.7bn, from NZ$8.8bn, a rise of 10 per cent, while capital funds rose 2 per cent to NZ$4.4bn. After-tax profit before minorities and equity earnings was NZ$523.5m compared with NZ$451.9m. Turnover was NZ$8,294m, against NZ$6,185m. Tax was NZ$643m against the previous year's NZ$665.7m and equity earnings NZ$46m against a figure of zero. Earnings per share rose to 21.1 cents from 19.9 cents.

The company has NZ$1bn cash in hand and a further NZ$2.1bn in other assets. Current liabilities are NZ$2.2bn against last year's figure of NZ$2bn.

At a briefing, Mr Hancox welcomed two new directors, Mr Roger Douglas, the former finance minister, and Mr Bryan Johnson, senior partner in brokers First Boston.

He emphasised that no decision had been made for BIL to acquire its Hong Kong subsidiary Industrial Equity Pacific.

"We have no plans or intention of doing that," he said.

Mr Collins stressed the importance to the group of the current bid for Mount Charlotte, but added that BIL would be happy whatever level of control they achieved.

Bond Corp wins sale approval

BOND Corporation Holdings, the indebted Australian group, yesterday said the holders of its US dollar Eurobonds had approved the sale of its Australian brewing assets, Reuter reports.

In a short statement, Bond Corp said that at a London meeting of bondholders yesterday, 99,369 votes were cast in favour of the sale and 20,882 against. Bond Corp plans to sell its brewing assets to Bond's 58 per cent owned Bell Resources for A$1.8bn (US$1.5bn).

The bondholder meeting was adjourned twice before due to a lack of a quorum.

The decision follows the previous day's resignation of Mr Alan Bond from the chairmanship. Two months ago Mr Bond offered to step down as chairman of his flagship company, now floundering under A$5bn of debt, and to give up more than half his voting controlling rights to win support from creditors.

His resignation improved the chance of the bondholders approving the brewing sale yesterday, a deal crucial to the group's survival, analysts said.

INTERNATIONAL CAPITAL MARKETS

Treasuries gain on hopes of US budget compromise

By **Karen Zagor** in New York and **Deborah Hargreaves** in London

US TREASURY bonds moved broadly higher yesterday morning amid renewed optimism about the prospects of a budget compromise. However, the gains were tempered by a further surge in oil prices.

At midsession, the Treasury's benchmark 30-year bond was quoted up ⅜ point at 96⅝ to yield 9.1 per cent, having gained as much as ⅝ point earlier in the day. Shorter-dated maturities moved about ⅛ point higher.

The Federal Reserve arranged overnight repurchase agreements when Fed funds were trading at 8⅛ per cent.

The morning's optimistic tone was set by reports that President George Bush would be willing to drop his insistence on a reduced capital gains tax, thereby improving the possibility of a budget agreement. Unless an agreement is reached by Monday, the beginning of fiscal 1991, the Gramm-Rudman-Hollings sequestration order will be triggered, so cutting about $85bn from government spending.

The market also received some support from the weekly unemployment data, in which initial claims rose more than expected, suggesting that the monthly unemployment rate will show another increase. The weakening jobs market is seen as further evidence that the US economy may be heading towards a recession, which some investors hope will push down interest rates, in spite of the surge in oil prices resulting from the Gulf crisis.

However, higher crude oil prices yesterday morning prompted bonds to return some earlier gains. At midday, the November crude oil futures contract passed the $40-a-barrel mark from a close of $38.67 on Wednesday, after starting the day down about 87 cents.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	101-12	-	12.69	12.47	12.35
		9.000	03/00	84-27	+03/32	11.89	11.70	11.83
		9.000	10/08	82-19	-	11.27	11.08	11.29
US TREASURY *		8.750	08/00	98-24	+10/32	8.94	8.89	8.90
		8.750	08/20	96-19	+15/32	9.08	9.02	9.03
JAPAN	No 119	4.800	6/99	80.7846	+0.124	8.67	8.57	8.22
	No 130	6.700	09/00	91.7298	-0.247	8.23	8.09	7.87
GERMANY		8.500	08/00	96.0800	+0.010	9.11	9.01	8.94
FRANCE	BTAN	9.000	11/95	94.3528	+0.003	10.48	10.35	10.37
	OAT	8.500	03/00	87.6300	+0.150	10.61	10.49	10.30
CANADA *		10.500	07/00	94.6500	+0.100	11.42	10.98	10.80
NETHERLANDS		9.000	07/00	98.0800	-0.070	9.30	9.19	9.05
AUSTRALIA		13.000	07/00	98.2315	+0.052	13.70	13.52	13.65

London closing. *denotes New York morning session
Yields: Local market standard — Prices. US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■ THE WEST German bond market ended on a soft note after trading in a narrow range and showing some signs of consolidation in early trading.

In the German cash market, the 8½ per cent 10-year bond was fixed one pfennig higher at 96.14 as dealers forecast that the slide in prices had been arrested. The market lost its confidence later and prices moved downwards.

Concerns over a surge in supply in the German bond market have reasserted themselves following the market's cool reception of an issue of zero coupon bonds by East Germany yesterday.

Although East Germany successfully issued DM745m of zero coupon bonds with a year maturity, it rejected all bids for its further issue of zeros maturing in 18 months. Dealers said the market was not prepared to give the sort of price East Germany was looking for and that the market was unwilling to absorb much more East German paper.

■ IN JAPAN, the government bond market held steady in quiet trading in spite of the huge drop in stock prices. However, the reception for the Ministry of Finance's new bond which was auctioned on Wednesday was not as warm as expected.

The bond carries the highest coupon for eight years at 7.9 per cent, but institutional buyers were reluctant to commit much of their cash to the bond market. The auction was said to have been dominated by Nomura, Daiwa and Salomon Brothers which bought more than 80 per cent of the issue.

The new bonds were issued at a price of 100.64, but were trading below par yesterday.

■ IN LONDON, gilts experienced another day of treading water while waiting for significant developments in the UK economy or in the Gulf. After enjoying some optimism on the back of lower oil prices in early trading, the market drifted back to close unchanged on the day.

Sweden could change bank ownership law

SWEDEN proposes to change its corporate law and allow insurance companies to own banks and financial institutions, Reuter reports from Stockholm.

The Finance Ministry said the proposals would allow insurance companies to acquire a financial institution as long as the purchase price did not exceed 4 per cent of the insurance company's net assets.

"This would change an old law by which insurance companies are not allowed to own more than 5 per cent of the voting rights in a financial institution," said the ministry. The proposal could become law by July 1991.

The proposal removes an obstacle to the SKr4.6bn ($803m) takeover bid by Swedish insurance group SPP for a 44 per cent stake in Sweden's finance group Gota.

The ministry said the change was in line with the deregulation of Swedish financial markets and followed an international trend towards a breakdown of the barriers between banking and insurance business.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. — Latest prices at 6:10 pm on September 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99⅛	99⅝		9.13	COUNCIL EUROPE 7 94 LFr	600	91⅛	92⅛		10.09
ALBERTA PROVINCE 9 3/8 95	600	100⅝	100⅞	+⅛	9.27	KREDIETBANK 7 93 LFr	1000	92⅝	93⅝		9.96
AUSTRIA 8 1/2 00	400	92⅞	93⅛	+⅛	9.68	WORLD BANK 8 96 LFr	1000	92⅛	93⅛		9.73
BANK OF TOKYO 8 3/8 96	100	94⅛	95⅛	+⅛	9.69	AMRO BANK 6 1/4 92 Fl	150	94⅛	95⅛		9.48
BELGIUM 9 1/8 92	400	100⅝	101		8.76	RABOBANK 5 3/4 93 Fl	150	92	92⅛		9.57
BFCE 7 3/4 97	150	92	92⅛	-⅛	9.45	ALBERTA PROVINCE 10 92 C$	500	96⅛	97⅛		11.97
BNP 8 5/8 94	300	98⅛	98⅝		9.17	BCE INC 9 5/8 93 C$	300	93⅝	94⅛		12.47
BP CAPITAL 9 5/8 93	150	101	102	+⅛	9.08	BELL CANADA 10 5/8 99 C$	150	91⅝	92⅛	+1⅛	12.16
CANADA 9 96	1000	99⅝	99⅞	+⅛	9.07	BRITISH COLUMBIA 9 1/4 93 C$	150	93⅝	94⅛		12.38
CARCO 9 1/4 96	650	98⅛	98⅝	+⅛	9.67	EIB 10 1/8 98 C$	130	91⅛	91⅝	+⅛	11.96
CCCE 9 1/4 95	300	100⅛	100⅝	+⅛	9.19	FORD CREDIT CANADA 10 94 C$	100	93⅛	94	+⅛	12.18
COUNCIL EUROPE 8 96	100	94	94⅛	+⅛	9.37	GENERAL ELECT CAP 10 1/4 93 C$	175	96⅛	96⅝	+⅛	11.85
CREDIT FONCIER 9 1/2 99	300	99	99⅛	+⅛	9.66	MONTREAL TRUSTCO 8 1/2 92 C$	100	93⅛	94⅛	+⅛	13.06
DENMARK 0 98	250	48⅛	49⅛	-⅛	9.65	ONTARIO HYDRO 10 7/8 99 C$	500	93⅛	94⅛	+1⅛	12.06
DENMARK 8 1/4 94	150	97⅛	97⅝	+⅛	9.15	QUEBEC PROV 10 1/2 98 C$	200	91⅛	91⅝	+1⅛	12.23
ECSC 8 1/4 96	193	94⅞	95⅛	+⅛	9.37	ROYAL TRUSTCO 10 1/4 93 C$	100	94⅛	95⅛	+⅛	12.93
EEC 7 1/4 93	250	96⅛	97⅛	+⅛	8.75	SWEDEN 9 3/4 93 C$	250	94⅛	95⅛		12.10
EIB 7 3/4 96	250	93⅛	93⅝	+⅛	9.30	AUSTRIA 7 3/8 95 Ecu	125	92⅞	93⅛	+⅛	10.72
EIB 10 97	250	102⅛	103	+⅛	9.42	CNT 7 3/8 93 Ecu	250	91⅛	92⅛	-⅛	11.21
ELEC DE FRANCE 9 98	200	98⅛	98⅝	+⅛	9.34	CREDIT LYONNAIS 9 96 Ecu	125	92⅛	93⅛	-⅛	10.89
EUROFIMA 9 1/4 96	100	99⅛	100⅛	+⅛	9.35	DENMARK 7 5/8 96 Ecu	250	87⅛	87⅝		10.79
EXPORT DEV CORP 9 1/2 98	150	99⅛	100⅛	+⅛	9.53	EEC 7 5/8 94 Ecu	200	91⅛	91⅝		10.79
FINLAND 7 7/8 97	200	91⅛	92⅛	+⅛	9.66	EIB 10 97 Ecu	1125	97	97⅛		10.64
FINNISH EXPORT 9 3/8 95	200	100⅛	100⅝	+⅛	9.33	ITALY 10 3/4 00 Ecu	1000	100	100⅛		10.73
FORD MOTOR CREDIT 9 1/2 93	300	100⅛	100⅝	+⅛	9.34	SWEDEN 7 1/2 93 Ecu	250	91⅛	92⅛	-⅛	10.77

Chase to axe 98 jobs at London operations

By **David Lascelles**, Banking Editor

CHASE MANHATTAN Bank is to cut 98 staff from its London dealing room and back office support as part of the 5,000 job cuts announced last week.

Chase said the cuts followed a three-month review of its European foreign exchange and money market activities. Other measures will include the integration of Chase's interest rate risk management and capital markets groups. Further measures have been taken to streamline treasury operations in continental Europe.

Mr Paul Brandow, European risk management executive, said the integration would improve Chase's efficiency without affecting its ability to offer a broad capability in foreign exchange, treasury, interest rate products and bullion.

Maxwell forms fund for E Europe

By **Nicholas Denton** in Budapest

MR Robert Maxwell has launched a $250m fund for investment in eastern Europe in association with Merrill Lynch Capital Markets.

The Maxwell Central and East European Partnership aims to take stakes of more than 20 per cent in target companies and will focus on East Germany, Czechoslovakia, Hungary and the USSR.

The fund's memorandum envisages a prominent role for Mr Maxwell. His Haddington Investment will commit $50m and a subsidiary of the London and Bishopsgate Group, controlled by Mr Maxwell, will manage the Partnership.

Mr Maxwell has made several investments in eastern Europe: he has half-ownership of two Soviet publishing houses, a Bulgarian business school and a 40 per cent stake in Magyar Hirlap, a Hungarian daily newspaper.

Mr Maxwell announced yesterday the addition of Esti Hirlap, an evening newspaper, to his Hungarian media property. After several months' delay, the Mirror Group has taken a stake of 40 per cent for forint 45m ($729,000).

UBS P&D first marketmaker in Ecu CDs

UBS PHILLIPS & Drew has announced it will begin making a market in Ecu certificates of deposit from Monday. The brokerage house will become the first marketmaker in these instruments, writes Deborah Hargreaves.

UBS P&D cites the growth of interest in Ecu products as a reason for its move into the short end of the market. So far, the only market for short-term Ecu instruments is made in the Ecu Treasury bills which are issued by the Bank of England.

UBS P&D believes its move will close a large gap in liquidity at the short end of the Ecu market. The Ecu certificates of deposit are issued by major European banks.

In June, UBS P&D launched an over-the-counter futures contract based on Ecu bonds.

Taiwan allows margin lending from brokers

TAIWAN has approved a proposal to allow brokerage houses to do margin lending, AP-DJ reports from Taipei.

The move will bring the margin-lending business up from underground, and stimulate the bearish market, which has plunged more than 78 per cent since February.

"The new measure will curb illegal margin-lending and solidify the vulnerable market," said the Finance Ministry.

The decision allows brokerage houses with more than $2bn New Taiwanese dollars of paid-in capital and at least two years of business experience to engage in margin lending.

The ministry said that 27 brokerage houses, including 13 banks, meet the requirements and are expected to bring as much as NT$50bn in new capital to the stock market.

The ceiling on loans that each securities house may make to its customers is 100 per cent of the net value of the company.

Shorts are set at 50 per cent of the net value of each company.

Currently, the only firm allowed to conduct margin lending is Fuh Hwa Securities Finance, of which the present government owns 45 per cent.

INTERNATIONAL CAPITAL MARKETS

Ownership barriers fall in Canada's financial services

By Bernard Simon in Ottawa

THE Canadian government plans to lift many curbs on ownership in the financial services industry, clearing the way for an acceleration of acquisitions by both domestic and foreign financial institutions.

Under long-awaited proposals for financial reform outlined in Ottawa yesterday, Canadian banks and insurance companies will be allowed to own trust companies, while banks and trusts (whose core business is residential mortgage lending) will be permitted to acquire insurers.

Some barriers to ownership of banks are to be lowered. The big six domestic banks will continue to be widely held. Ownership curbs are to be loosened on so-called Schedule 2 banks, which include all the 57 foreign-controlled banks operating in Canada.

For instance, other widely-held foreign financial institutions, such as mutual life insurance companies, will be allowed to set up bank subsidiaries in Canada.

The government tabled a Trust and Loan Companies Act in parliament yesterday, and hopes to finalise legislation affecting other institutions shortly. Mr Gilles Loiselle, minister of state for finance, said that all the statutes will come into effect on the same date, which he expects to be within a year.

The proposals are the culmination of five years of uncertainty over reform of the financial services industry. The only significant measure in place opened ownership of provincially regulated securities firms to outsiders in 1987.

The reforms will narrow the remaining gaps between the four pillars of the Canadian financial services industry by giving all institutions increased powers. Insurance and trust companies will have greater flexibility in consumer and commercial lending. All institutions will be allowed to expand into in-house portfolio management and investment advice, and banks will gain long-sought powers to provide customers with information management and data processing services.

However, the government has bowed to the concerns of insurance brokers by maintaining the prohibition on banks and trusts selling insurance policies through their branches. They will also be barred from car leasing.

The proposals include further regulatory safeguards aimed at preventing cross-dealing and conflicts of interest. The superintendent of financial institutions will gain wider information-gathering powers, and a third of the directors of a financial institution will have to be independent. A new committee of the board with a majority of independent directors will be required to monitor deals between a financial institution and its owners.

The rules will require the largest trust and insurance companies with capital of more than C$750m (US$652m) to open their doors to public shareholders. These companies will be required to list at least 35 per cent of their voting shares within five years.

Among those affected by this provision is Canada Trust, the largest trust company, which is 98 per cent-owned by the Montreal tobacco conglomerate Imasco, itself controlled by BAT Industries of the UK.

E German note auction raises only DM745.5m

By Katharine Campbell in Frankfurt

The East German government's latest auction of U-Schätze or zero-coupon notes yesterday raised just DM745.5m ($478m), drawing attention to the precarious balancing act for the German authorities funding an increasing deficit in the run-up to unity.

The Bundesbank yesterday accepted only DM745.5m worth of one-year paper at an average yield of 9.03 per cent, and rejected all the bids in the 18-month range.

The auction will be the last in the East German government's name ahead of German unification on October 3. It was interpreted in some corners of the market as a chance missed to diversify the types of funding – even if all vehicles are ultimately Bonn's liability – in a market overloaded with supply.

However, the East Germans have also been using a recently neglected debt instrument, *Schuldscheindarlehen* or promissory notes. Effectively private placements, these are an important source of funds that strains the market less than the more public issues. The East German government has issued at least DM6bn by this route.

Yesterday's result comes after the first auction of German Unity Fund bonds at the beginning of September, when all the banks' bids were rejected.

The last auction of U-Schätze also raised less money than anticipated because the authorities apparently wished to keep yields below the psychologically important 9 per cent level.

"This is obviously a bad omen for the market because it shows that investors are simply not willing to absorb paper at current yields," noted Mr Klaus Baader, German bond analyst at UBS Phillips & Drew.

The bond market is very thin, moving in a narrow range as German investors sit on their holdings, with foreign investors having sold months ago in anticipation of the mounting costs of unity.

RSVP in unusual variable rate deal

By Simon London

RSVP CITY, a special purpose vehicle, offered an innovative $271m variable-rate note issue, backed by a portfolio of perpetual floating-rate notes and guaranteed by FSA, the specialist US insurer.

The triple-A rated notes were issued in 15 series and priced

INTERNATIONAL BONDS

at 25 basis points over the London interbank offered rate. The paper was underwritten and distributed to Goldman Sachs International, with demand mainly from European institutional investors.

The issue includes a reset feature to keep the bonds trading at par. Each series will be remarketed quarterly or half-yearly, on the same dates as the underlying perpetuals. The spread over Libor will be reset and bondholders have the option of either accepting the reset or putting the bonds back to Goldman Sachs at par. This reset feature will operate up to a maximum of 75 basis points over Libor.

Elsewhere, **Export-Import Bank of Japan** offered its first issue in the Ecu sector through Paribas Capital markets. The Ecu200m issue of five-year paper carries a coupon of 10⅝ per cent.

Demand in the sector has come mainly from Far Eastern investors, turning their attention away from yen-denominated assets after a period of yen appreciation. The lead manager confirmed that much of this issue had been placed in Tokyo.

Other interest came from European institutions switching out of D-Mark paper.

However, the yield of 10.69 per cent was tight to secondary market returns. For example, the Republic of Finland Ecu250m deal launched by Paribas two weeks ago is yielding 10.70 per cent.

The bonds were trading at less 1⅛ bid, a discount equivalent to full fees.

In the quiet dollar sector, **Toyota Motor Credit Corporation**, the US credit arm of the Japanese motor manufacturer, launched a $250m three-year issue through Credit Suisse First Boston.

The short maturity of the deal was designed to tap demand from investors switching towards the shorter end of the yield curve in the face of economic uncertainty. The lead manager reported interest from both retail investors and London-based fund managers.

Launched at 101.475, at the close the bonds were trading at less 30 basis points bid, well inside full fees of 1⅞.

In the yen sector, an offshore subsidiary of **Abbey National**, the UK financial services group, launched a Y5bn nine-year currency-linked deal through NKK.

Last week NKK led the issue of a similar 10-year issue for Finnish financial institution Skopbank.

The coupon payable on the bonds is linked to the yen/Australian dollar exchange rate, offering investors exposure to currency risk.

Largely pre-placed with Japanese institutional investors, the Abbey National bonds will not be listed.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Toyota Motor Credit Corp.♦(g)	250	9	101.475	1993	1⅞	CSFB
Marubeni UK Plc(a)	52	9.4	101¼	1995	1⅞/1¼	Yamaichi Int.(Europe)
RSVP City Ltd♦♦(k)	271	(i)		(j)	-	Goldman Sachs
Common Int.Fin♦(h)	35	10¼	90.35	1995	1½	Merrill Lynch Int.
SWISS FRANCS						
Ana Real Estate Co.♦§(b)	62	4⅞	100	1995	-	Nikko (Switz) Fin.Co.
Okura & Co §♦(c)	60	5	100	1995	1½	Yamaichi Bk(Switz)
SNT Corporation§♦(e)	40	5	100	1995	1⅞	Handelsbank NatWest
Fujikura Rubber§(d)	30	5	100	1995	1⅞	Nomura (Switz)
Seiren Co §♦(a)	120	5	100	1995	-	Bank Leu
ECUs						
Ex-Im Bk of Japan♦	200	10⅝	101⅝	1995	1⅞/1¼	Paribas Cap.Mkts.
GUILDERS						
BNG♦	1bn	zero	36.25	2002	-	ABN-Amro Holding NV
YEN						
Nordbanken♦	8bn	8½	101.3	1993	1⅞/⅞	LTCB Int.
ABDIJ NAT 2ND CAP.B.V.♦	5bn	(f)	93.375	1999	1⅞/1⅛	NKK (Europe)

♦Final terms. §Convertible. ♦Variable rate note. a)Short first coupon period. Non-callable. b)Put option 31/3/93 at 110¼% to yield 8.703. b)Put option 31/3/93 at 109½% to yield 8.552 d)Put option 31/3/93 at 109.25 yielding 8.547 e)Put option 31/3/93 at 109½ yielding 8.55. f)Coupon currency linked to Yen/A$ 2 days before payment date(18.Oct). g)Fixed reoffer price of 100.30. h)Fixed reoffer price. Non-callable. i)Libor + 25. j)2006/2046. k)Puttable to underwriter following remarketing quarterly up to a maximum of Libor + 75bp.

'Latin America not threatened by E Europe in battle for funds'

By Deborah Hargreaves

LATIN AMERICA is not likely to lose out to eastern Europe in the battle for capital this decade as the region should be much more successful in attracting foreign private investment, loans and bond finance, according to Chartered WestLB in its Developing Country Investment Review.

Foreign investment has been slow to move into eastern Europe. Although East Germany and Czechoslovakia have raised capital in the form of bond issues and syndicated loans, many eastern European countries will be hampered in any bid to tap the western capital markets by the levels of their external debt, according to Mr Paul Luke, economic adviser at WestLB.

"It is hard to argue that eastern Europe at this stage is a bankable proposition," he writes in the review. "This suggests that the region will have to rely considerably on domestic savings to finance its investment. "Moreover, it will have to use its existing capital more efficiently."

Latin America is better placed than eastern Europe to attract direct investment, Mr Luke argues. It has doubled the return on capital invested in the last four years and, unlike eastern Europe, has capitalist accounting and financial infrastructure.

Although Latin America's debt problem continues to militate against large flows of loan and bond finance into the area, there are signs that these forms of finance are picking up. He cites the two bond issues by the Mexican state oil producer, Pemex, and the growth of a market for certificates of deposit in Mexico as evidence of this.

In addition, Venezuelan companies have tapped the markets several times and Chile launched a $20m bond issue this week.

In the first half of the 1990s, Latin America can increase the ratio of investment to gross domestic product back to the level of the 1970s – 25 per cent – if it adheres to strong anti-inflationary policy and reform, the review argues.

Latin America's residual financial needs are estimated to be $5bn-$10bn a year – less than 1 per cent of international capital flows.

OFT looks at soft commission price war

By Richard Waters

THE UK's Office of Fair Trading has begun an investigation into the "soft" commission price war that has broken out between London broking houses.

The OFT's review follows complaints from independent soft commission houses, which fear being put out of business by the aggressive price war between integrated houses (those that combine broking and marketmaking).

Although limited at the moment to soft commissions, the OFT's study raises wider questions about the operations of integrated houses.

Soft commission arrangements involve brokers "refunding" a proportion of their commissions to clients in the form of services, in return for a pre-determined volume of business.

Previously in the UK, this refund has been about 50 per cent of the commission paid. Recently, however, Warburg Securities has offered to return up to 83 per cent of commissions to clients. Other integrated houses have followed this move.

Integrated houses are able to absorb losses on broking if the broking transaction brings a greater flow of business for their marketmakers, putting them at an advantage to single-capacity broking firms. Independents fear that, if soft commission houses are squeezed out of business, this will prove significant in the process towards dominance of the London market by a handful of all-powerful integrated houses.

Independent houses, which have dominated the UK soft commission market, claim that Warburg and others cannot cover their broking costs from the 17 per cent of commissions they retain, and so are using the service as a loss-leader to win business for their marketmakers.

Warburg refuses to discuss its costs, claiming commercial confidentiality.

The OFT says it has begun a review to see whether there are breaches of competition law, but adds: "It is very early days yet."

The Securities and Investments Board has studied the Warburg move and decided not to act. It looked into whether the price-cutting on the broking side would undermine the obligation on brokers to obtain "best execution" for their clients, since they were more likely to put all their business through their in-house marketmakers than shop around other brokers.

Mr Richard Britton, SIB international director, said: "Both an independent broker and the agency arm of an integrated house can fulfil best execution, even though the agency arm does most of its business in-house."

Justifying the SIB's decision not to act over the price-cutting in the soft commission sector, he added: "What are we supposed to do – go into every integrated house and ask whether their agency arms are profitable?"

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thursday September 27 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Sep 26 Index No.	Tue Sep 25 Index No.	Mon Sep 24 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (195)	678.45	+0.7	16.41	6.90	7.46	29.40	673.98	665.34	658.43	957.73
2	Building Materials (26)	867.49	+2.0	16.99	7.00	7.24	34.59	850.66	829.48	820.29	1151.39
3	Contracting, Construction (36)	1022.64	+1.1	21.65	7.80	6.04	50.99	1011.75	994.71	993.11	1563.26
4	Electricals (10)	1850.95	+2.1	15.19	7.21	8.05	73.06	1813.26	1812.59	1805.83	2817.12
5	Electronics (27)	1512.18	+0.3	10.85	5.32	12.53	56.74	1507.71	1507.85	1486.79	2107.98
6	Engineering-Aerospace (8)	409.50	-0.1	16.44	5.88	7.31	15.17	410.10	404.09	399.79	0.00
7	Engineering-General (46)	362.64	-0.3	16.60	7.17	7.24	15.76	363.60	362.26	363.21	0.00
8	Metals and Metal Forming (6)	385.55	-0.8	29.94	8.73	4.06	17.02	388.81	386.56	384.09	498.20
9	Motors (13)	269.75	+0.5	18.94	8.80	6.14	14.26	268.49	265.52	260.41	370.63
10	Other Industrial Materials (23)	1157.59	+0.6	14.88	7.07	7.77	56.53	1150.28	1126.52	1108.40	1733.90
21	CONSUMER GROUP (177)	1138.07	+0.5	10.90	4.54	11.33	29.31	1132.79	1126.92	1121.42	1319.54
22	Brewers and Distillers (22)	1391.81	+0.5	11.25	4.24	10.77	33.47	1385.19	1382.10	1370.10	1469.48
25	Food Manufacturing (19)	983.50	+1.0	11.81	4.97	10.43	24.61	973.38	962.53	959.38	1158.59
26	Food Retailing (16)	2249.22	+0.3	10.60	3.71	12.01	50.82	2243.22	2227.81	2245.36	2506.62
27	Health and Household (16)	2336.14	+0.4	7.61	3.18	15.60	47.38	2326.73	2319.01	2293.95	2490.98
29	Leisure (32)	1133.59	+0.8	13.22	5.51	9.15	36.79	1124.53	1127.11	1117.43	1737.24
31	Packaging & Paper (12)	475.54	-0.7	13.54	7.32	9.07	22.54	478.92	476.55	477.24	595.69
32	Publishing & Printing (16)	2835.25	-1.0	12.81	6.62	9.77	118.55	2862.53	2868.52	2878.17	3732.54
34	Stores (33)	734.50	+0.6	12.12	5.15	10.72	18.26	730.05	721.57	718.44	841.50
35	Textiles (11)	397.66	+1.1	15.15	9.07	8.36	19.76	393.21	391.00	388.59	569.11
40	OTHER GROUPS (108)	944.60	+0.8	13.48	6.32	8.98	31.51	936.98	935.24	932.53	1179.62
41	Agencies (16)	1073.98	+1.9	9.99	3.68	12.16	22.00	1054.29	1054.82	1051.28	1556.89
42	Chemicals (24)	964.89	+0.7	13.76	6.90	8.59	46.23	958.00	954.41	940.57	1272.65
43	Conglomerates (15)	1262.40	-0.5	13.40	7.94	8.97	35.71	1268.27	1257.98	1236.56	1656.98
44	Transport (14)	1759.39	-0.2	13.75	5.95	9.22	65.20	1763.71	1764.78	1780.92	2370.57
46	Telephone Networks(2)	1039.39	+2.2	12.88	5.42	10.10	26.09	1017.41	1023.32	1033.97	1151.48
47	Water(10)	1954.94	+0.3	15.77	6.93	7.13	68.12	1949.91	1935.31	1922.37	0.00
48	Miscellaneous (27)	1465.34	+0.9	14.36	6.19	7.99	61.39	1452.52	1446.55	1445.37	1935.62
49	INDUSTRIAL GROUP (480)	967.37	+0.6	12.92	5.61	9.48	30.96	961.45	955.80	950.55	1203.16
51	Oil & Gas (20)	2322.49	-1.1	10.75	5.39	12.17	84.75	2348.62	2392.02	2432.70	2157.52
59	500 SHARE INDEX (500)	1077.67	+0.3	12.57	5.57	9.83	35.28	1074.11	1072.12	1070.29	1284.24
61	FINANCIAL GROUP (107)	637.31	+0.9	–	7.45	–	31.27	631.46	630.90	621.68	798.45
62	Banks (9)	663.67	+0.9	24.63	8.65	5.32	41.50	657.43	664.57	650.43	808.57
65	Insurance (Life) (7)	1263.16	+0.9	–	6.07	–	54.97	1251.93	1247.57	1233.20	1200.70
66	Insurance (Composite) (6)	543.25	+1.0	–	7.81	–	27.35	538.09	536.76	526.46	660.52
67	Insurance (Brokers) (8)	789.00	+0.8	11.35	8.19	11.51	40.46	782.38	765.26	757.70	996.53
68	Merchant Banks (7)	326.34	+0.6	–	6.27	–	12.31	324.35	322.21	319.38	393.58
69	Property (47)	862.41	+1.1	8.82	5.69	15.03	24.52	852.63	837.71	834.72	1323.84
70	Other Financial (23)	236.21	+0.3	11.49	7.48	11.44	10.30	235.59	235.20	234.78	361.60
71	Investment Trusts (66)	969.29	+0.1	–	4.07	–	24.36	968.25	971.05	974.15	1255.49
91	Overseas Traders (5)	1135.36	+2.4	12.68	8.12	9.38	59.65	1109.29	1100.82	1079.53	1402.41
99	ALL-SHARE INDEX (678)	971.01	+0.4	–	5.80	–	33.89	966.97	965.39	962.09	1166.47

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 26	Sep 25	Sep 24	Sep 21	Sep 20	Year ago
FT-SE 100 SHARE INDEX♦	2009.1	+9.1	2030.7	1998.6	2000.0	1999.2	1990.3	2025.5	2016.9	2291.7

FIXED INTEREST

	PRICE INDICES	Thu Sep 27	Day's change %	Wed Sep 26	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	115.95	-0.02	115.97	–	9.49
2	5-15 years	119.63	-0.09	119.95	0.21	10.23
3	Over 15 years	120.04	-0.06	120.11	–	9.84
4	Irredeemables	138.84	-0.58	139.66	–	8.85
5	All stocks	120.28	-0.07	120.47	0.11	10.04
	Index-Linked					
6	Up to 5 years	152.10	+0.16	151.85	–	2.46
7	Over 5 years	137.07	-0.40	137.61	–	3.12
8	All stocks	138.09	-0.35	138.57	–	3.06
9	Debentures & Loans	99.35	-0.18	99.54	–	8.93
10	Preference	72.39	+0.25	72.21	–	5.23

	AVERAGE GROSS REDEMPTION YIELDS		Thu Sep 27	Wed Sep 26	Year ago (approx.)
	British Government				
1	Low	5 years	11.14	11.11	10.16
2	Coupons	15 years	11.14	11.11	9.59
3		25 years	11.14	11.11	9.45
4	Medium	5 years	12.22	12.19	11.11
5	Coupons	15 years	11.66	11.64	9.99
6		25 years	11.36	11.34	9.57
7	High	5 years	12.30	12.28	11.23
8	Coupons	15 years	11.94	11.92	10.19
9		25 years	11.69	11.66	9.72
10	Irredeemables	†	11.22	11.14	9.49
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.57	4.63	3.43
12	Inflation rate 5%	Over 5 yrs.	4.39	4.36	3.61
13	Inflation rate 10%	Up to 5 yrs.	3.36	3.42	2.60
14	Inflation rate 10%	Over 5 yrs.	4.20	4.17	3.44
15	Debs &	5 years	14.26	14.24	13.24
16	Loans	15 years	13.05	12.99	12.19
17		25 years	12.71	12.69	11.63
18	Preference	†	13.06	13.08	10.43

♦Opening index 1998.6; 9 am 2003.6; 10 am 2013.4; 11 am 2023.4; Noon 2026.8; 1 pm 2023.9; 2 pm 2025.4; 3 pm 2026.3; 4 pm 2018.4; 4.10 pm 2007.3; (a) 2.41pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p. PLEASE NOTE: The complete list of quarterly constituent changes is published on page 24 in today's edition.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	71	18
Corporations, Dominion and Foreign Bonds	0	5	17
Industrials	338	369	854
Financial and Properties	151	194	396
Oils	17	30	43
Plantations	1	1	8
Mines	39	33	85
Others	45	83	94
Totals	595	786	1,515

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am't Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	131	93	ABI Leisure 10p	93	-7	R4.7	3.3	6.7	6.1
180	F.P.	–	198	188	Faber Prest	193		9.1	3.7	6.3	5.7
2	F.P.	–	4	3	Fiolan Group 1p	3½					
¶	F.P.	–	75	43	Golden Vale Ir1p	44		u0158%	5.1	3.4	6.0
–	F.P.	–	24	20	JF Fledgeling Jap. Wrts	20		–	–	–	–
100	F.P.	–	98	76	Jupiter Euro Inv Trust	77	+1	–	–	–	–
–	F.P.	–	38	23	Do. Warrants	23		–	–	–	–
§100	F.P.	–	116	101	‡Lowercrest 5p	102	+1	R4.05	2.4	5.3	8.2
–	F.P.	–	22	20	‡MMI 1p	22		τ1.0	2.4	6.1	8.5
¶	F.P.	–	17	11	‡Paramount 2½p	11	-¼	–	–	–	–
¶	F.P.	–	53	41	‡Pelican 20p	41		–	–	–	–
100	F.P.	–	90	83½	River & Merc Smaller Co	84		K3.75	–	6.0	–
–	F.P.	–	26	18	Do. Warrants	18	-2	–	–	–	–
130	F.P.	–	156	136	Seton Healthcare 10p	138		L3.75	2.2	3.6	12.3
§100	F.P.	–	102	92	Siam Select. Growth Tst	93		–	–	–	–
–	F.P.	–	38	28	Do. Warrants	33		–	–	–	–
100	F.P.	–	102	96	TR European Growth Tst	97		K1.0	–	1.4	–
40	F.P.	–	43	40	Do. Ptg. Sub. 1p	40		F1.0	–	3.3	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	-	101	75	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	75	
100p	F.P.	28/9	102p	93p	Perkins Foods 8p (Net) Cv Rd Pf	95p	+2
¶	F.P.	-	90p	75p	Rank Org. 8.25p (Net) Cv Cm Rd Pf 20p	77p	
100p	F.P.	-	112p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	109p	+2
100	F.P.	-	107⅝	101¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	103	-¼
100p	F.P.	-	105p	50p	Wyndham Group 9.375pc Cm Pf	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
27	Nil	-	2pm	¼pm	‡BTS 10p	¼pm	
29	Nil	-	½pm	¼pm	‡G.C.F. Group 10p	¼pm	
190	Nil	-	18pm	4pm	Great Western Resources	4pm	-1
50	Nil	-	2¼pm	1¼pm	Kynoch (G & G)	1¼pm	
220	55	23/7	86	33	Ratners	49	-4
5	Nil	-	3pm	¼pm	‡Spectrum 5p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♥ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". ¶ Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Sept. 17
- Last Dealings Sept. 28
- Last Declarations Dec. 27
- For settlement Jan. 7

For rate indications see end of London Share Service

Calls in **Brent Walker, Amstrad, Aviva Pet., TVS Entertainments, Richmond Oil & Gas, Tuskar Res., Berisford Intl., Cookson, Norcros** and **Heath (C.E.).** Puts in **Tiphook** and **Control Secs.** Puts and calls in **Rosehaugh** and **Tuskar Res.**

LONDON TRADED OPTIONS

TODAY'S expiry of the FT-SE September futures and options influenced the actions of derivative markets dealers yesterday and the disparity between futures and the underlying equity index narrowed despite sharp swings.

Arbitrageurs buying in the London International Financial Futures Exchange when the September future was down and selling when it was up were said to be responsible for bringing the two markets into line.

Wall Street's overnight gains had meant that many traders were light on futures yesterday morning and needed to buy feverishly to regain their positions.

This narrowed the discount against the underlying equity index throughout the morning and dragged the index up, at one stage by 30 points, and the September issue by 27 points.

The situation changed dramatically in the afternoon when Wall Street opened on the back of a rumour that Chase Manhattan was folding – prompted by 98 redundancies in the bank's London money dealing room – and growing fears about the Gulf.

The Dow Jones Industrial Average tumbled and pulled back the London markets. Shortly before close of trading there was, according to one dealer, "a violent sell-off" in the September issue which pushed it back to a 10-point discount, a large margin at such a late stage.

It managed to bounce up again in the last 10 minutes and ended the day with a turnover of 6,121 at 2,005, a 2-point discount.

The December issue closed at 2038, some 23 points below fair value, with a volume of 5,129.

Turnover in the London Traded Options Market was down on the previous day at 31,520, but still dominated by the FT-SE options which saw 9,462 lots exchanged.

The chief equity option was Trusthouse Forte (2,359 contracts) which had announced better than anticipated results. British Petroleum was also busy with two-way business.

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allid Lyons (*431)	390	46	61		2	9	-
	420	[illegible]	39	55	7	20	24
	460	5	19	34	32	40	42
ASDA (*113)	100	15	20	-	1½	4½	-
	110	6½	14	17	4	7½	10
	120	3	9	12	10	13	[illegible]
Brit. Airways (*148)	140	11	16	21	5	7	10
	160	3	9	13	17	19	20
	180	1	4	7	34	36	37
SmKl Beecham A (*531)	500	39	60	78	5	16	21
	550	10	32	48	25	40	42
	600	3	14	29	73	75	77
Boots (*286)	260	28	36	46	2	6½	10
	280	11	23	33	7	14	17
	300	3	14	23	17	24	27
B.P (*349)	330	24	36	47	3	9	13
	360	7	20	30	15	23	26
	390	2	10	18	43	43	44
British Steel (*116)	[illegible]						
Bass (*937)	[illegible]						
C & Wire (*403)	[illegible]						
Courtaulds (*290)	[illegible]						
Com Union (*417)	[illegible]						
GKN (*302)	[illegible]						
Grand Met. (*536)	[illegible]						
I.C.I (*832)	[illegible]						
Kingfisher (*330)	[illegible]						
Ladbroke (*239)	[illegible]						
Land Secur (*462)	[illegible]						
M & S (*216)	[illegible]						
STC (*242)	[illegible]						
Sainsbury (*292)	[illegible]						
Shell Trans (*449)	[illegible]						
Storehouse (*124)	[illegible]						
Trafalgar (*191)	[illegible]						

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Utd. Biscuits (*321)	300	23	35	42	4	9	14
	330	4	17	24	20	24	28
	360	1½	6	13	47	48	50
Unilever (*611)	600	25	56	70	12	27	33
	650	4½	30	45	45	50	57
	700	2½	14	26	95	95	95
Ultramar (*339)	300	43	57	65	2	5	9
	330	20	35	45	6	14	20
	360	5	20	30	23	30	35

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*546)	460	100	-	-	2	-	-
	500	62	88	98	8	15	23
	550	27	55	65	23	32	41
BAA (*366)	360	24	35	53	14	23	26
	390	10	23	35	32	40	43
	420	4	13	23	60	63	66
BAT Inds (*532)	500	53	77	92	11	16	20
	550	18	45	60	28	35	40
	578	10	-	-	47	-	-
[illegible]							

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Nat. (*199)	200	14	20	22	9	14	14
	220	6	10	13	21	24	27
Amstrad (*47)	[illegible]	8	10	11½	5	6	7
	50	5	7½	9	7½	[illegible]	9½
Barclays (*309)	300	28	40	45	11	20	22
	330	14	27	28	23	34	37
Blue Circle (*193)	180	24	30	35	6	9	13
	200	13	22	25	14	18	22
British Gas (*209)	200	18	24	31	4½	7	8½
	220	7½	12	19	13	16	18
Dixons (*120)	120	12	17	20	7	10	12
	130	7	12	15	13	15	18
Glaxo (*749)	700	82	112	132	12	22	27
	750	49	80	100	32	[illegible]	45
Hawker Sidd. (*413)	390	[illegible]	53	60	18	23	30
	420	22	38	43	33	35	43
Hillsdown (*247)	240	22	30	37	10	13	17
	260	12	22	27	20	24	26
[illegible]							

FT-SE INDEX (*2007) [illegible]

September 27 Total Contracts 31,214 [illegible]

Trusthouse Forte shares up despite static £114m

By David Churchill, Leisure Industries Correspondent

TRUSTHOUSE FORTE, the UK's largest hotel and catering group, yesterday announced static interim pre-tax profits of £114m for the six months to July 31.

On a trading level, before accounting for property disposals, the group reported a 9 per cent increase in profits before interest of £150m, compared with £137m in the *same period last year.*

Total group sales were up 11 per cent at £1.32bn.

Mr Rocco Forte, THF's chief executive, said yesterday that the group had not been as badly affected by the recession as other leisure companies. "The business travel market is down but leisure spending in our hotels and restaurants is up," he added.

The results were broadly in line with City expectations and analysts were relieved that THF, a bellwether for hotel stocks, had not been as badly hit as other leisure companies by the downturn in consumer spending.

The shares closed last night at 229p, up 10p on the day.

An interim dividend of 2.75p is declared, an increase of 10 per cent.

The results included an unchanged £4m contribution from THF's holding in the Savoy Group. Last year THF and the Savoy declared a truce in their long-running feud over control of the Savoy's hotels.

In the first half of 1990, group disposals raised £55m, most of these relating to former assets of the Kennedy *Brookes group* acquired in 1988. Proceeds and profits have been offset against the cost of that acquisition. The net surplus on property and other disposals was £2m, compared with a previous £11m. The group's interest charges rose from £38m to £42m.

Analysis of the results showed that contract catering for companies, motorway service areas and airports accounted for the largest share of turnover at £531m, a 15 per cent increase. However, this division only produced £21m in trading profits, compared with £93m for the hotel operations and £38m for the restaurant businesses.

THF's hotels division recorded a 6 per cent increase in sales to £456m, while restaurants saw a 9 per cent growth to £306m.

THF also provided figures yesterday showing that the bulk – some £1.05bn - of its turnover was in the UK. The rest of Europe accounted for £139m in sales, down 1 per cent. Sales in the US rose by 15 per cent to £115m while trading profits in the US rose from £6m to £8m.

Mr Forte said that the acquisition of the Crest Hotels business earlier this year had filled in a number of gaps in the group's coverage of the UK hotel market. Crest made a contribution of two and a half months' trading.

London hotels performed more strongly than those in the provinces. "Although we have seen a weakness in commercial and conference business, we have recovered much of the lost volume by increasing leisure business with tactical marketing initiatives," Mr Forte added.

Plans are also expected to be announced shortly to expand into Italy via a joint venture with an Italian company.

See Lex

European activities enable Redland to show 3.7% gain

By Andrew Taylor, Construction Correspondent

A SIZEABLE jump in profits from continental Europe, particularly from West Germany, enabled Redland to increase pre-tax profits by 3.7 per cent from £104.1m to £108m during first six months of this year.

Profits from Braas, the 51 per cent-owned West German roof tile subsidiary, jumped by more than 50 per cent. There were also higher profits from the Netherlands, Spain and France.

UK profits, however, fell by 27 per cent from £51.3m to £37.7m. The group blamed the collapse in the UK housebuilding market, particularly in south east England, for the fall.

Mr Robert Napier, managing director, said the UK market was likely to continue to decline. The housing recession had spread to other areas of construction. "We are now entering the worst 12 months of the cycle," he said.

Overseas profits advanced by 28 per cent from £44.1m to £62.5m, with West Germany accounting for more than 25 per cent. The UK's share of profits fell to a third compared with more than half in 1988.

Gearing at the end of June was about 35 per cent.

Group turnover increased by 12 per cent from £694m to £776.4m.

Earnings per share, however, fell from 25.7p to 24p after an increase from £6.5m to £10.1m in profits attributable to minority shareholders, principally in West Germany; and a £4.8m dividend on recently issued US preference shares.

The interim dividend is increased by 10 per cent to 8.25p (7.5p).

COMMENT

Redland's mix of businesses could hardly have been bettered as the UK construction industry has dived after eight years of consecutive growth. The West German market should remain strong even if it is unlikely to sustain the heady growth of the first half, and there is some concern that France may come off the boil as high international interest rates take their toll on private sector residential and commercial investment in domestic markets. Redland's concrete and aggregate businesses, however, will benefit from increased road and infrastructure investment in the Paris region. The outlook for the US is very mixed; roof tiles will struggle as will aggregate sales in Maryland even though Texas and Colorado should be better.

The net effect is that group profits should be only slightly lower this year at £240m-£245m and could be about the same level next year provided Australia recovers. Very few British building materials companies will be able to match that kind of performance. A prospective p/e of just over 9 leaves room for further improvement in the share price.

Securiguard shares dive after profits warning

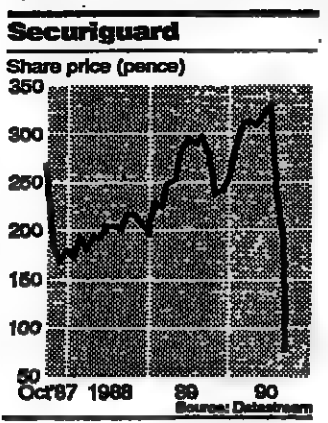
By Andrew Hill

A PROFIT warning yesterday delivered a further blow to Securiguard Group's City credibility, cutting 53 per cent from the market value of the security, cleaning services, and parcel despatch group.

Analysts downgraded their full-year profit forecasts from about £7m to £4.5m before tax, after the company warned that its overnight and despatch delivery business had not yet recovered from a slack summer. In the year to October 31, 1989, the group made £6.22m before tax.

Securiguard's shares dropped from 160p to 75p, which compares with a peak of 327p in July and values the whole group at £17.2m.

Mr Alan Baldwin, Securiguard's chairman, said an opportunistic takeover bid



would be "a nonsense", and added: "The security and cleaning divisions alone must be worth two or three times the existing share price."

The warning also dragged down the share price of the unrelated security and parcels companies, Securicor Group and its sister company Security Services.

Securicor's A shares fell 12 per cent, from 521p to 460p, while shares in Services, which has a large parcel delivery operation, slumped from 410p to 365p.

Securiguard issued a veiled profit warning in July, when it revealed that its personnel division, which supplies contract labour to the civil engineering and construction industry, had slipped into the red in the first half and would lose more money in the second half.

Mr Baldwin said yesterday that the parcel business would not report a loss for the year.

Maggie Urry examines the finances of the embattled leisure group

Brent Walker's net debt rises to £1.15bn

BRENT WALKER, the leisure group headed by Mr George Walker, the former boxer, was yesterday once again taking punishment from the stock market after the publication of its interim results and an unaudited balance sheet.

The group also suffered a body blow in the form of a writ from Grand Metropolitan, the food, drinks and leisure company, claiming it was owed £50m by Brent Walker. This related to the £685m acquisition of the William Hill and Mecca bookmaking chains last December through an off-balance sheet vehicle called William Hill Group. Brent Walker is claiming the price of the acquisition should be cut by £160m.

Ashley Ashwood

George Walker (left), chairman, and Wilfred Aquilina, group finance director, in discussion

The interim results in themselves looked good, with pre-tax profits 52 per cent higher at £45.65m, comfortably above analysts' forecasts.

Operating profits from the hotels and leisure division rose 5 per cent to £17.84m, though Mr Wilfred Aquilina, group finance director, said that on a comparable basis the increase in profits was nearer 24 per cent.

The pubs and brewing division saw a fall in profits from £27.82m to £22.79m but Mr Aquilina said that underlying profits rose 13 per cent to £12.8m.

Leisure development profits rose from £5.46m to £20.01m, although this included an £11.5m profit on the sale of surplus land at Elstree. Betting contributed £35.18m, against nothing in the first half of 1989.

Related companies profits were £11.19m (£492,000) which Mr Walker said reflected a good performance from the Walker Power joint venture which owns the Trocadero in London's Piccadilly.

Pre-tax profits were struck after interest charges of £58.62m (£18.67m), which exclude capitalised interest of £7.5m (£7m).

Pre-interest profits thus cover the interest charge by only 1.8 times, a level which could be considered worryingly low and which would be below Brent Walker's banking covenants – which specify a cover of 2.8 times – but for the fact that the group does not consolidate William Hill when it works out financial ratios. On that basis, Mr Aquilina said, interest cover was over 4.

An unaudited balance sheet, taking into account the £160m "which the directors have been advised should be recoverable from GrandMet", a questionable move, showed net debt of £1.15bn and shareholders funds of £1.02bn.

This represents gearing of 112 per cent. Again this would have broken Brent Walker's bankers' covenants – which limit gearing to 100 per cent – except that the ratio drops to 90 per cent when William Hill is deconsolidated.

Of the total debt, £600m is fixed at interest rates averaging 9.7 per cent, Mr Aquilina said, and these mature in between three and seven years' time. The rest of the group's debt is at floating rates. A bond issue carrying a coupon of 13 per cent will mean an interest saving of about 2½ percentage points on the debt it will replace.

Mr Walker said he planned to cut debt by £200m in the current year, helped by the £100m-£120m convertible bond issue, and he planned to raise a further £50m through asset disposals in the next few months.

However, raising up to £120m through a convertible issue would have a relatively small effect on the debt mountain but has the potential to double the group's share capital.

It was surprising that the 5p interim dividend was not increased, although fully diluted earnings per *share* rose 54 per cent to 42.86p. Mr Walker said the group did not raise it because of uncertainty in the Middle East, although he said current trading was not being affected by any weakening in the economy.

He denied that pressure from bankers was behind the decision on the dividend. But given the group's high level of debt, he cannot but be mindful of the concerns of his lenders.

See Lex

Berisford reaches agreement on £1.2bn refinancing with banks

By Clare Pearson

A LONG-AWAITED £1.2bn refinancing package for Berisford International has finally been agreed between the commodities and property group and its 68 creditor banks.

The arrangements effectively give Berisford a breathing space until the end of next June – when they expire – in which to carry out the sale of its assets. This principally involves an auction of British Sugar, the main profit earner.

The deal is the product of four months of complex negotiations with a steering committee of the international banks headed by National Westminster.

Under the agreement, all existing borrowings are being put onto a secured basis. In spite of the size of its debts, the vast bulk of Berisford's borrowings were previously in the form of short-term advances under uncommitted lines of credit.

The banks have also agreed to give Berisford access to further facilities during the period, to cover, for instance, seasonal requirements in the sugar refining business. These are for an undisclosed sum, thought to be less than £100m.

The Brazil-based coffee business, where Berisford has a 65 per cent stake – which it hopes to reduce to about 35 per cent – is excluded from the package. Renegotiation of the £100m worth of debt tied up in this company is being conducted separately.

No further terms of the arrangements are being revealed.

Berisford's net debt stood at about £1.25bn when its borrowings were frozen at the end of May. Of this, on-balance sheet borrowings accounted for about £1bn and the remainder consisted of guarantees and stand-by letters of credit.

Of the two UK companies which have so far expressed an interest in buying British Sugar, Associated British Foods, the milling and baking group, was this week cleared to acquire it by Mr Peter Lilley, the Trade and Industry Secretary.

But Berisford is likely to want to delay a sale of the business until it hears the outcome of a Monopolies and Mergers Commission inquiry into a proposed takeover by Tate & Lyle, the sweeteners group. The MMC is not due to report until January.

Yesterday Berisford's shares closed 1p down at 36p.

Hillsdown links with Brascan arm in Canada

By Robert Gibbens in Montreal

Hillsdown Holdings, the diversified UK food group, is taking further steps to rationalise the operation of its two Canadian acquisitions, Maple Leaf Mills and Canada Packers.

It has set up a new company called Maple Leaf-Ogilvie, based in Montreal, in partnership with John Labatt, the brewing and consumer products arm of Brascan, the holding company controlled by the Peter and Edward Bronfman interests.

The deal will create Canada's largest flour-milling group. Canada Packers, 56 per cent owned by Hillsdown, will control 60 per cent of Maple Leaf-Ogilvie and Labatt 40 per cent. The new company will take over Canada Packers' flour milling and bakery businesses.

FT-Actuaries Indices

THE FOLLOWING changes will be made to the FT-Actuaries Share Indices from today. Numbers in brackets refer to the industrial sub-sections of the indices.

Deletions: Anglia Secure Homes (03), Fairbriar (03), Domino Printing Sciences (05), Northamber (05), Clifford Foods (25), Hunterprint Group (32), Charterhall (34), VPI Group (41), Astra Holdings (48), Pittard Gardner (48), Pennant Properties (69), Priest Marians Holdings (69), St Modwen Properties (69), Ivory & Sime (70), LIT Holdings (70).

Additions: Control Techniques (05), Systems Reliability Holdings (05), Atlas Converting Equipment (07), Arthur Lee & Sons (08), Greggs (26), QS Holdings (34), Sherwood Group (35), Robertson Group (41), British Syphon Industries (43), Pict Petroleum (51), Derwent Valley Holdings (69).

Reclassification: Racal Electronics (05 to 46).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Addison Consultancy, Arcolectric, BHH, Bostrom, Central Independent Television, Children's Medical Charity Inv Trust, Eadie Hldgs, Holt (Joseph), Intl Inv Trust Co of Jersey, Jacks (William), PCT, Radamec, Scott's Restaurant, Sherwood Group, Stylo, Toye, Waterford Foods, Wolstenholme Rink.

Finals- Adwest, Bristol Channel Ship Repairers, Churchbury Estates, Goodwin, High-Point.

FUTURE DATES

Interims-	
British Dredging	Oct. 5
Copymore	Oct. 4
Dauphin	Oct. 10
Finlay (James)	Oct. 4
Heath (CE)	Nov. 14
Kleinwort Benson Gilt Fd	Oct. 1
London & Manchester	Oct. 9
North British Can Inv	Oct. 8
REA	Oct. 2
Rock	Oct. 1
Roskel	Oct. 15
Save & Prosper Stig Fd	Oct. 5
Smurfit (Jefferson)	Oct. 4
Triplevest	Oct. 2
Finals-	
Armour Trust	Oct. 1
Ewart	Oct. 5
Kwik Save	Nov. 28
Ossory Estates	Oct. 1
Pict Petroleum	Oct. 17
St. Ives	Oct. 16
Tay Homes	Oct. 15
Welsh Industrial Inv Tst	Oct. 2

UK COMPANY NEWS

Interest charges limit Utd News to 4% advance

By Andrew Hill

UNITED NEWSPAPERS, which publishes the Daily Express, Sunday Express and Daily Star, warned yesterday that 1990 profits might be lower than last year because of depressed advertising expenditure in the UK and the US.

The publishing group, which also owns regional newspapers, business and consumer magazines and electronic information services, held its interim dividend at 7.5p for the second year running after earnings per share slipped from 18.9p to 17.9p in the first half.

Pre-tax profits in the six months to June 30 were up only 4 per cent from £54.5m to £56.6m after interest charges more than doubled to £14.2m (£6.71m).

Lord Stevens of Ludgate, chairman, said he did not foresee any improvement in the rest of the year and expected a reduced performance in the second half.

Trading profits rose 16 per cent to £68.7m (£59.4m) on turnover of £423.74m (£401.55m), 5.5 per cent higher. However, excluding a pension credit adjustment of about £2.3m, trading profits would have risen only 12 per cent, and pre-tax profits would have fallen slightly.

The group blamed the increase in interest charges on the increased borrowings to fund continued capital expenditure on the national and regional newspaper division, and the unspecified cost of buying out Sir Robert McAlpine & Sons, United's joint venture partner in the construction of Express Newspapers' new London headquarters.

Mr Graham Wilson, United's finance director, said the £180m three-year capital expenditure programme would be complete by the second quarter of next year. He was not unduly concerned by the drop in interest cover from a little more than nine to about five times.

"I'm not concerned about it, but to say that doesn't mean that I'm flippant about it. I think it's a perfectly sustainable level of interest cover," he said.

● COMMENT

Hollinger, the Canadian media company which owns the Daily Telegraph, still controls 9 per cent of United Newspapers, but speculation that the group might seek to buy all or part of United seems to be ebbing. In the current climate any expansion in the newspaper industry would be distinctly risky, as United seems to realise. Its first priority is to reduce debt, and then, if opportunities arise, to develop the core businesses through judicious acquisition. Such expansion may be a long time coming. Analysts saw little to surprise them in yesterday's statement by Lord Stevens, but they do not expect a swift recovery in the newspaper and magazine advertising market even if UK interest rates are reduced. United's shares closed down 1p at 293p yesterday. The best shareholders can hope for this year are profits of £113m, which would put the shares on a prospective multiple of about 8.5 times earnings. But United is more likely to slip below last year's full-year profits of £111m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bailey (Ben) ....fin	1.4	Jan 8	1.4	1.9	1.9
Beazer ....fin	5.05	-	5.05	7.75	7.5
Bostrom ....int	2.5	Nov 23	2.25	-	5.75
Brent Walker ....int	5	Jan 2	5	-	15
Capital/Region § ....int	0.3	Nov 16	0.3	-	0.9
Carbo ....int	2.8	Nov 30	2.5	-	6.8
Clayform ....int	2†	Dec 19	3.5	-	10
Clifford Foods ....int	4	Nov 9	3.6	-	10
Close Brothers ....fin	5.4	Oct 26	4.55	8	6.75
Dolphin Pack § ....int	1.5	Nov 14	1.2	-	3.7
EW Fact § ....int	1.1†	Nov 2	1	-	3.5
Great Southern §........int	3†	Nov 12	2.8	-	8
Halstead (James)........fin	6.5	Nov 30	5.75	10.5	9.5
Harding § ....int	1.1‡	Nov 15	1.1	-	2.75
How ....int	1.35	Nov 23	1.35	-	3.6
Lincat § ....fin	3.3	Nov 2	3.1	5.1	4.8
Redland ....int	8.25	Nov 12	7.5	-	23.35
Serif Cowells ....int	1.5	Dec 3	1.5	-	3.5
Sinclair G'smith........fin	1.5	Nov 7	3.5	3	5
Sintrom ....int	0.3	Nov 16	1	-	2.64
T&S Stores ....int	2†	Nov 30	1.5	-	4
Thurgar Bardex ....int	0.85	Nov 30	0.85	-	2.5
Trusthouse Forte........int	2.75	Nov 16	2.5	-	9.66
TV-am ....int	4	Oct 16	2	-	10
Utd Newspapers ....int	7.5†	Nov 16	7.5	-	21
Vickers ....int	3.7	Nov 7	3.3	-	8.9
Whatman ....int	2.5	Nov 12	2	-	6.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Special dividend.

Lord King to head BA until 1992

By Paul Betts, Aerospace Correspondent

LORD KING has had his contract as chairman of British Airways extended until the end of 1992.

This has come to light in the US version of the airline's annual report and suggests that the status quo is likely to continue in the top management of the airline for the next two years.

The UK version of the report made no mention of the extension of Lord King's three-year mandate as chairman at the end of last year.

In recent months there has been speculation in the City and in the aviation industry that Lord King, who was 73 last August, might consider stepping down as the airline's chairman. He joined the board in 1980 and became chairman in 1981.

Sir Colin Marshall, the airline's deputy chairman and chief executive since 1983, has long been regarded as Lord King's most likely successor. However, Sir Michael Angus, the Unilever chairman who joined the BA board as another deputy chairman last year, has also been tipped as a possible successor.

But confirmation that his mandate was renewed until the end of 1992 appears to be a clear indication that Lord King plans to remain at the helm of the airline which he has led for the past ten years.

However, BA, like other leading carriers, is facing increasing difficulties because of the economic downturn and rising costs. Kleinwort Benson has cut BA's full year profit forecast from £410m to £345m for the current year and from £370m to £250m for 1991-92.

Close Bros profits climb to over £12m

By Nigel Clark

Record pre-tax profits of £12.1m, against £10.5m, were reported by Close Brothers, the merchant banking and investment group, in the year to July 31.

Mr Hugh Ashton, chairman, said the diversity of profit centres had helped the result.

There were good performances from Close Asset Finance, Prompt and the Treasury division.

The two disappointing areas were both property-related, the residential mortgage business and its property joint ventures.

Tax of £4.16m (£3.87m) left attributable profits of £7.22m (£5.98m) with earnings per share of 19.5p (16.2p).

A proposed final dividend of 5.4p makes a total for the year of 8p (6.75p).

Vickers rises 24% to £40m and wins £150m tanks order

By Andrew Bolger

VICKERS, the engineering, defence and luxury cars group, yesterday reported a 21 per cent increase in taxable profits and a £150m tanks order.

The company declined to identify the buyer but it is thought likely to be one of the smaller Middle Eastern states.

Pre-tax profits rose to £39.8m in the six months to June 30, on turnover ahead 3.2 per cent to £387.1m. Earnings per share rose in line with profits to 10.7p and the interim dividend is lifted by 12 per cent to 3.7p.

Rolls-Royce Motor Cars made steady progress. However, in recent weeks conditions in North America had become less certain as the crisis in the Gulf had added to existing concerns about the US economy.

Vickers said the development of the Challenger 2 tank was proceeding extremely successfully.

Sir David Plastow, chairman and chief executive, said the Howson-Algraphy lithographic plates business had been sold for £245m at the peak of its performance within Vickers. The money realised had now been reinvested in three acquisitions: Ross Catherall, which makes advanced alloys castings; Cosworth, the high-performance car engine specialist; and Cantieri Riva, a luxury powerboat manufacturer.

Sir David - faith in premium brands may prove justified

● COMMENT

The Vickers share price jumped on the announcement of profits at the top end of expectations, but fell back to close 3p down on the day at 190p as the market focused on the group's caution about the trading outlook for Rolls-Royce Motor Cars. Forecast full-year profits of £97m put the shares on a prospective multiple of 7.2 – not particularly cheap in a depressed sector. The group has nil gearing and Sir David's faith in premium brands being more recession-proof than run-of-the-mill products may prove justified. However, it is difficult to see the shares moving significantly until the uncertainty regarding Challenger 2 and Rolls-Royce cars is resolved.

Further Food Industries' disposals

THE SALE of the malting, grain handling, cold storage and fruit processing divisions of Food Industries is now expected after the disposal of the Irish agribusiness group's dairy division yesterday, writes Kieran Cooke.

That business was bought by Golden Vale, another Irish food group, for I£29m (£26.5m). It made profits last year of I£3.6m on sales of I£63m, out of Food Industries total profits in 1989 of I£8.03m on sales of I£126.7m. The deal makes Golden Vale the largest dairy concern in Ireland.

The break up of Food Industries is a consequence of the dire financial position of Goodman International, the privately-owned beef processing and exporting company headed by Mr Larry Goodman.

Goodman International, which has debts of more than I£450m, has a 68 per cent stake in Food Industries, and this is one of the assets which the bankers are eyeing in their search to recover some of their loans.

Mr David Dilger, Food Industries' chief executive, said that proceeds from the sale to Golden Vale would initially be used to eliminate group borrowings.

UK COMPANY NEWS

Polly Peck investigation reveals ease of veiling transactions

SE maze of share ownership

By Richard Waters and Richard Donkin

INVESTIGATIONS of dealing in Polly Peck shares reveal how easy it is to veil transactions through the London stock market – and how difficult it is for the authorities to investigate suspected securities frauds carried out on an international scale.

It has long been realised that the ability for shares in UK companies to be held in offshore nominee names makes it extremely difficult, and sometimes impossible, to uncover the true owners.

The government, when drawing up the 1989 Companies Act, had the opportunity to tackle this problem. However, it shied away from requiring the true owners to be disclosed when any new shareholdings are registered.

It was argued that the change would have made it prohibitively expensive for institutions to deal through nominee accounts.

One result is that the people behind deals in Polly Peck shares by a range of Swiss-based nominee companies – among them Riverbridge Investments, Gateway Investments and Tristan – have been difficult to uncover.

Faced with such nominees, companies have to fall back on Section 212 of the Companies Act, under which they can demand information about the true owners of their shares. This can be a slow and messy business: behind a nominee may be another nominee, and behind that another. Pursuing this chain takes time. If satisfactory information is not available, companies can ask the courts to take away the dividend, voting and selling rights of the shareholder.

Polly Peck sent out a barrage of section 212 notices more than a year ago, but says it discovered nothing sinister behind any of the nominees it investigated.

Investigators, such as the Serious Fraud Office, have their own difficulties. The UK has no Memorandum of Understanding with Switzerland, which would provide the regulatory authorities with a framework for communication.

The Serious Fraud Office is hoping that reciprocity arrangements in the Criminal Justice (International Co-operation) Act 1990, which received Royal Assent in March and is expected to come into force at the end of the year, will ease their attempts to secure information overseas.

The act provides for mutual assistance between the UK and other jurisdictions. One of the most important parts of the act is Section 4 which allows the UK, subject to approval by the Home Secretary, to provide evidence for investigations overseas. Without that provision the laws in many other countries prevent mutual assistance.

At present evidence in Switzerland, for example, can only be obtained after charges have been laid - one of the reasons why many SFO cases have taken so long to come before the courts.

These are not the only obstacles to discovering who owns or has been dealing in the shares of Polly Peck.

Disclosure rules under the Companies Act and Takeover Code have been tightened up in recent years. But such rules do not always work.

That became clear earlier this week, when two large sales of Polly Peck shares that should have been published under the Takeover Code six weeks ago were finally disclosed to the market.

Also, Polly Peck has not met its legal obligations to publish information about its shareholdings. The company does not maintain a full register of directors' shareholdings, as required under section 324 of the Companies Act.

"An awful lot of work has been done on it [the register]. We're satisfied we know exactly how many shares are owned, although not all the nominees they are owned through," Mr Dominic Henry, head of investor relations at Polly Peck, said yesterday.

"There are a lot of guilty consciences here about it," he added.

An interested member of the public has little chance of discovering what is happening to a company's shareholdings. Apart from not being able to get behind nominees, there is the additional problem of when, and even whether, shareholdings appear on a public register.

Under the present settlement system, it takes an average of two-three weeks after a trade for the deal to appear on a company's share register, and sometimes considerably longer.

Some shareholdings can disappear altogether. By selling shares at the close of one of the International Stock Exchange's two-week accounts and then buying them back, the holding never appears on a company's public register.

TV-am up 19% and confident on franchise

By David Owen

TV-AM, the ITV franchise holder for breakfast television, yesterday reported a 19 per cent advance in interim profits buoyed by higher investment income and advertising revenues, as well as a £260,000 decline in the group's Exchequer levy.

The company is doubling its interim dividend to 4p. Mr Bruce Gyngell, managing director, said that this was partly an indication of the company's confidence that it would retain its franchise.

"The IBA has announced that there will be a national breakfast licence advertised next year and our team . . . is preparing our licence application with confidence," the company said.

The shares climbed 9p to close at 191p.

Pre-tax profit for the six months to July 31 rose to £11.58m (£9.73m) on turnover of £41.45m (£36.09m).

Operating expenses increased by 20 per cent to £28.22m (£23.51m). This was attributed to the higher net subsidy to Channel 4 coupled with an increased investment in children's programming.

Advertising revenues generated by TV-am alone were ahead by 7.5 per cent in the period to £37.1m (£34.5m).

In addition, the group sold £3.7m (£1.5m) of advertising in Channel 4 early morning programmes.

The group said that it had already sold a large proportion of its second half advertising capacity.

"We are fairly encouraged by what happened in August," said Mr Ian Irvine, chairman.

Investment income advanced to £3.15m (£2.21m) and the Exchequer levy dipped to £4.8m (£5.07m). Earnings per share improved to 11.1p (9.5p).

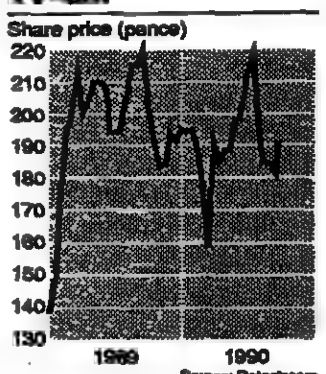
● COMMENT

Even without the sharp dividend increase, these results would have been encouraging and the shares reacted accordingly. Allowing for the company's seasonal bias towards the second half, a full-year figure of £28m should now be attainable. With each fresh confirmation of the group's comparative immunity to the advertising downturn, however, the likelihood that it will fall victim to its own success in the upcoming franchise round increases.

All but short-term players will therefore need to share management's confidence of the group's ability to keep its licence if they are to consider investing. Unless, that is, they are impressed by the money-generating potential of, say, a shopping mall in Camden. On the positive side, the incumbents' prospects have improved with each step that the selection process has moved away from an auction to the highest bidder.

The economic downturn has also arrived at a good time if it serves to whittle away at the list of potential competitors. But the breakfast-time franchise remains by its very nature among the most attractive on offer because of its high profitability and relatively low quality threshold. TV-am must thus be considered to be among the more vulnerable of the 15 current franchise holders.

TV-am



Source: Datastream

Great Southern up 23% in spite of higher interest

By Andrew Hill

GREAT SOUTHERN Group, the funeral director, pushed up profits by 23 per cent to £2.08m in the first half of 1990, compared with £1.68m in the equivalent period.

However, like its largest quoted rival, PFG Hodgson Kenyon International, Great Southern's profits were held back by interest charges, which rose from £527,000 to £976,000.

Both companies have had difficulty selling surplus properties in the depressed market and Great Southern said yesterday that it still had to dispose of about £2m worth of property, which would bring down gearing from 115 per cent.

Great Southern did not buy any businesses during the first half of the year, but Mr Eric Spencer, deputy chairman and chief executive, said the group had increased market share and improved margins. An interim dividend of 3p (2.6p) is declared and earnings per share rose to 9.6p (8.08p).

Group turnover rose from £10.5m to £13m during the period and operating margins were up to 23.5 per cent (21 per cent).

Retail funeral services made £2.19m (£1.56m) on turnover of £9.76m (£7.92m), profits from ancillary services were almost static at £185,000 (£187,000) while crematoria and cemeteries increased profits to £679,000 (£460,000).

Mr Spencer said he hoped there would be increasing growth from Chosen Heritage, Great Southern's pre-paid funeral plan, which is now to be marketed through 2,300 post offices. About 1,000 funerals have already been carried out by Great Southern under the plan and a further 600 for other funeral directors.

Great Southern's shares have languished at below 200p until recently. They closed unchanged at 215p yesterday.

PUBLIC WORKS LOAN BOARD RATES

Effective September 26

	Quota loans repaid			Non-quota loans A* repaid		
Years	by EIP†	A††	at maturity§	by EIP†	A††	at maturity§
1			13⅝			14⅜
Over 1 up to 2	13⅜	13⅜	12¾	14⅛	14⅜	13½
Over 2 up to 3	13	12⅞	12⅝	14	13⅞	13⅛
Over 3 up to 4	12⅝	12½	12¼	13⅝	13½	13
Over 4 up to 5	12½	12⅜	12⅜	13½	13⅜	13⅛
Over 5 up to 6	12⅜	12⅜	12⅜	12⅞	12⅞	12⅞
Over 6 up to 7	12⅜	12¼	12⅜	12⅞	12¾	12⅞
Over 7 up to 8	12¼	12⅜	12⅜	12¾	12⅞	12⅞
Over 8 up to 9	12⅜	12⅜	12⅜	12⅞	12⅞	12⅞
Over 9 up to 10	12⅜	12⅜	12¼	12⅞	12⅞	12¾
Over 10 up to 15	12⅜	12¼	11⅞	12⅞	12¾	12⅜
Over 15 up to 25	12	11⅝	11⅜	12½	12⅛	11⅞
Over 25	11½	11¼	11¼	12	11¾	11¾

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Clayform turnround to £10m loss in first half

By Jane Fuller

CLAYFORM Properties, the property developer which last year completed a £120m take-over of the shoe retailer Stead & Simpson, plummeted to a pre-tax loss of £9.97m in the first half of the year, compared with a profit of £8m for the corresponding period of 1989.

The loss per share was 17.3p (earnings of 16p) and the interim dividend is cut from 3.5p to [illegible]p. The share price fell 22p to close at 94p yesterday.

"I am most disappointed," said Mr Bryan Burletson, chairman, who explained that £6.3m of the deficit comprised exceptional provisions against losses on property developments, including one at Cannon Street in the City of London, and a write-off of capitalised interest.

He blamed the industry's recession, which he said showed little sign of early alleviation.

Operating profit slipped to £5.19m (£5.49m), but net interest payable shot up to £8.73m (£400,000).

Mr Robert Ware, finance director, said borrowings now stood at £110m, compared with £128m at the end of June. Any change in the 75 per cent gearing would be affected by an expected reduction in the value of the property portfolio at the year-end.

About £70m of borrowings related to Stead and Simpson, which made a contribution to operating profit of about £2m. Through weeding out loss-making shops, leaving a total of 266, Stead had improved its first-half performance and it traditionally had a stronger second half, he said. Its £50.1m sales more than accounted for a rise in total turnover to £64.7m (£18.81m).

Rental income increased to about £3m at the gross profit level, but the contribution from property development and trading fell from £2.89m to £810,000. Mr Ware said the ongoing development programme was small. The company was committed to spending of less than £8m by the end of the year.

With the interest bill likely to total £18m for the full year, the net annual deficit, if no more property were sold, would amount to about £4m after retailing and investment profits. "On our current bank facilities, we could keep going for eight years," Mr Ware said.

Several projects had been completed and were being let, notably at the Schofields Centre in Leeds. An example of the difficulties being faced was the collapse after exchange of contract of two deals to let office space in Bristol.

Disposals since June included nearly £6m for motor dealerships acquired with Stead & Simpson.

Clifford Foods doubles to £2.68m

By Clay Harris, Consumer Industries Editor

CLIFFORD FOODS, the dairy products, fruit juices and chilled foods group, continued its recovery in the six months to June 30, increasing pre-tax profits to £2.68m, nearly twice the £1.35m reported in the first half of 1989.

Operating profits rose to a record £3.46m (£1.76m), but a higher interest charge meant that the pre-tax total only matched the previous best interim figure achieved in 1988.

Turnover expanded by 11 per cent to £72.57m (£65.57m).

The figures are not strictly comparable because Clifford has now franchised more than 40 per cent of its doorstep milk deliveries in Berkshire and Oxfordshire. It reports those sales at wholesale rather than retail prices.

Mr John Clifford, chairman, said the independent operators had stemmed the decline in deliveries of bottled milk, but overall sales in that division still slipped by 6 per cent.

However, the improvement in margins also reflected Clifford's success in introducing new higher-value products to its supermarket customers.

It also has benefited from more efficient milk processing after combining the management of its plants at Bracknell and Kidlington.

Earnings per share rose in line with profits from 5.35p to 10.51p, and the interim dividend goes up by 11 per cent to 4p (3.6p), the first increase since 1988.

Purchases help Carbo growth

Carbo yesterday announced a 10 per cent rise in interim taxable profits from £2.2m to £2.2m, aided by a contribution from acquisitions made in the latter half of 1989.

The Manchester-based company makes abrasives and specialist resins, polyester concrete drainage products and injection moulded plastic products.

Sales in the first half rose 22 per cent to £39.25m (£32.17m). The dividend is raised by 0.3p to 2.8p on earnings per share of 10.5p (9.5p).

Barings hit by downturn in Japanese markets

By David Lascelles, Banking Editor

BARINGS, the privately-owned merchant banking group, said yesterday that its profits for the first half of the year were down on the previous year, confirming the widening impact of the tougher economic climate on the banking sector.

The group gave no details, though it commented: "Every major part of the group made a significant contribution with corporate finance operations of Baring Brothers having a particularly successful half year".

Mr Peter Baring, chairman, said that the downturn in the Japanese market had affected both the securities and underwriting business of the group.

But he remained very positive about Japan because of the size and strength of the economy.

Last year, Barings produced its first fully disclosed results. These showed pre-tax profits of £65.9m, more than half of which came from Baring Securities whose main strength is in the Far East.

NEWS DIGEST

Recovery at Serif Cowells

SERIF COWELLS announced first-half taxable profits of £1.05m, compared with £0.57m restated for the first half of 1989.

The leisure, publishing and printing group saw profits tumble from £5.32m to £3.68m for the whole of 1989, which was hit by losses and closure costs at its Cowells subsidiary. The 1989 figures have been restated to reflect the recovery of compensation paid to former Cowells directors.

Serif was well known for marketing the Trivial Pursuit board game in Europe. It has reverted to its original role as dedicated manufacturer of the board game. The board has also decided reluctantly to terminate its agreement to distribute Nintendo, a video game.

Sales in the six months to June 30 rose 48 per cent to £33.12m (£22.35m). Interest charges jumped to £1.19m (£243,000). The interim dividend has been maintained at 1.5p on earnings per share of 2.7p (1.5p).

Bostrom rises 23% to £1.8m midway

Bostrom, the vehicle seating manufacturer and specialist engineering group, has lifted pre-tax profits 23 per cent from £1.45m to £1.79m in the six months to June 30.

Organic growth underpinned KAB Seating, the division from which 66 per cent of sales are exported, with share in some overseas markets increased.

BFA (UK), the joint venture, began supplying seat frames for Jaguar's saloon car range in July, though volumes were lower than expected and start-up costs higher. This increased the venture's losses to £261,000 (£51,000).

Group turnover advanced to £18.82m (£13.75m) and earnings grew 19 per cent to 13p (10.9p) per share on a tax charge of 16.4 per cent. The interim dividend is raised 11 per cent to 2.5p (2.25p).

Sinclair Goldsmith declines to £1.51m

Tough market conditions and reduced margins led to Sinclair Goldsmith Holdings, the surveyor, estate agent and rating consultant, reporting taxable profits down from £2.12m to £1.51m for the year to May 31.

Turnover was stable at £5.94m (£5.93m), investment income was £34,000 (£12,000) and interest income £270,000 (£180,000). However, staff and administrative costs came to £4.74m (£4m).

Earnings worked out at 8.5p (12.3p) per share and a final dividend of 1.5p (3.5p) is recommended, making 3p (5p) for the year.

Sintrom fears loss in third quarter

A further decline in trading conditions and a possible loss in the third quarter is forecast by Sintrom, an installer of network systems and distributor of computers. This led to a rapid decline in the share price which fell from 48p to 24p yesterday

The loss warning came as the Reading-based group reported taxable profits down by 66 per cent to £320,000 (£948,000) for the six months to June 30. Turnover fell from £17.75m to £15.92m and earnings per share declined to 1.89p (5.89p).

Mr Tom Dalzel, chairman, said a review of overheads had been carried out and cost savings implemented for the second half.

However, with the uncertain economic climate customers have delayed purchasing computer equipment, with severe effect on the third quarter.

An interim dividend of 0.3p (1p) is declared.

10th year of profits growth at Lincat

Lincat Group, the USM-quoted catering equipment manufacturer, has achieved a 10th consecutive year of profits growth, albeit at a lower level this time.

The rise to £1.38m (£1.29m) was held to 7 per cent by sharply increased interest charges at £285,000 (£45,000). Turnover improved 26 per cent to £12.43m (£9.83m). Earnings were ahead at 13.88p (12.39p) and a final dividend of 3.3p (3.1p) has been recommended for a total of 5.1p (4.6p).

EW Fact improves 18% midway

EW Fact, the USM-quoted provider of tuition services, reported taxable profits 18 per cent ahead at £434,000 for the first half of 1990, against £368,000. Turnover improved from £1.5m to £2.32m.

Earnings per share came out at 5.48p (4.76p) and the interim dividend is being increased from 1p to 1.1p.

Higher interest hits Ben Bailey profits

The effect of higher interest charges and the poor performance of the merchanting division combined to reduce pre-tax profits at Ben Bailey Construction from £2.11m to £1.81m in the year to June 30.

Mr Richard Bailey, chairman of this Yorkshire-based house-builder, said that, in an extremely difficult year for the building industry, he was pleased that turnover was ahead at £17.48m (£17.24m). Operating profits rose to £2.52m (£2.45m), but interest payable more than doubled to £712,000 (£334,000).

Earnings fell to 11.47p (13.01p) per share and the proposed final dividend is a maintained 1.4p for an unchanged 1.9p total.

Halstead recovers ground lost midway

James Halstead, the floor coverings, clothing and trailer tents manufacturer, turned a first-half 5 per cent downturn into a 5 per cent advance in the year to June 30.

Exports rose to a record level, with particular strength in Europe and Australia. Belstaff International, the garment subsidiary, recovered slightly from midway losses to break even for the year at the trading level.

Group taxable profits rose from £7.11m to £7.44m in the 12 months on sales of £57.99m (£52.91m). The final dividend has been raised to 6.5p, for a total of 10.5p (9.5p).

How Group shows decline to £1.49m

Taxable profits at How Group, a maker and installer of services to buildings, declined from £2.44m to £1.49m in the half-year to June 30, though the fall was exaggerated by exceptional profits of £556,000 last time.

Mr Peter How, chairman, stressed that the group was "by no means wholly dependent upon the fortunes of the market for new construction", and that every division had a good work load into 1991.

Turnover rose to £113.11m (£100.52m) and, after tax of £597,000 (£903,000), earnings worked through down at 2.21p (3.9p). The interim dividend is maintained at 1.35p.

THE PROPERTY MARKET

Cracks in the system fully exposed

by Michael Brett

RECESSION exposes the weaknesses of financial markets and financial structures. There is little doubt now as to the depth of the recession in the UK's commercial property market. Evidence comes from the yields on which investors are prepared to buy property. According to agents Hillier Parker, the average yield for all classes of investment-grade property is now 8.7 per cent: higher than it was in the depths of the 1974-76 secondary banking and property market collapse. Many in the market expect yields to rise significantly further.

Lack of liquidity has always been one of the most serious structural weaknesses of the property market, closely followed by lack of dependable information. Both weaknesses are now being exposed. Bank lending boosted the asset price inflation of the 1980s. Now banks worldwide are counting their losses on that lending, particularly to the property sector, which in Britain has £36bn of bank debt outstanding.

Lack of liquidity is exposing the other weaknesses. In Britain there are now so few investment transactions taking place that it is difficult to find comparables on which to base realistic property valuations. The Hillier Parker comparison with the 1974-76 crisis is, as it happens, reinforced by plenty of anecdotal evidence. But now, as in the mid-1970s, it is very difficult to be precise as to yields or values.

The difficulties are reinforced by the volume of disinformation finding its way into the market, which rises during a recession. The game is to avoid conceding that rents, on which valuations are based, are often falling back sharply from their boom levels, particularly for shops and London offices.

A quoted £50 per square foot figure for an office building may, if the landlord concedes a year and a half's initial rent-free "fitting out period" to get the building let, be more realistically expressed as £35 per square foot for the first five years (lower, on a strict discounted cash flow basis). Fed into the rental databases, however, that quoted £50 per square foot figure is another item of disinformation that distorts perceptions of the state of the market.

Even harder to evaluate are the *quid pro quo* deals. Take a real-life example: the mammoth Canary Wharf development in London's docklands. We read that Canadian developer Olympia & York has achieved lettings at £20 to £30 per square foot. But what existing buildings or leases has it been prepared to take off the prospective tenants' hands – and at what potential cost to Olympia & York – to bring these tenants in?

"THE RENTAL'S £50 PER SQUARE FOOT, BUT I HAVE TO MEASURE IT OUT FOR YOU."

We know that Olympia & York is buying the Telegraph's existing building as part of the deal that rehouses the newspaper group in the Canary Wharf tower. Given the facts and figures and a few rational assumptions, we could again calculate the real rent for Canary Wharf. But like so much information in the property business, these facts and figures are not readily available.

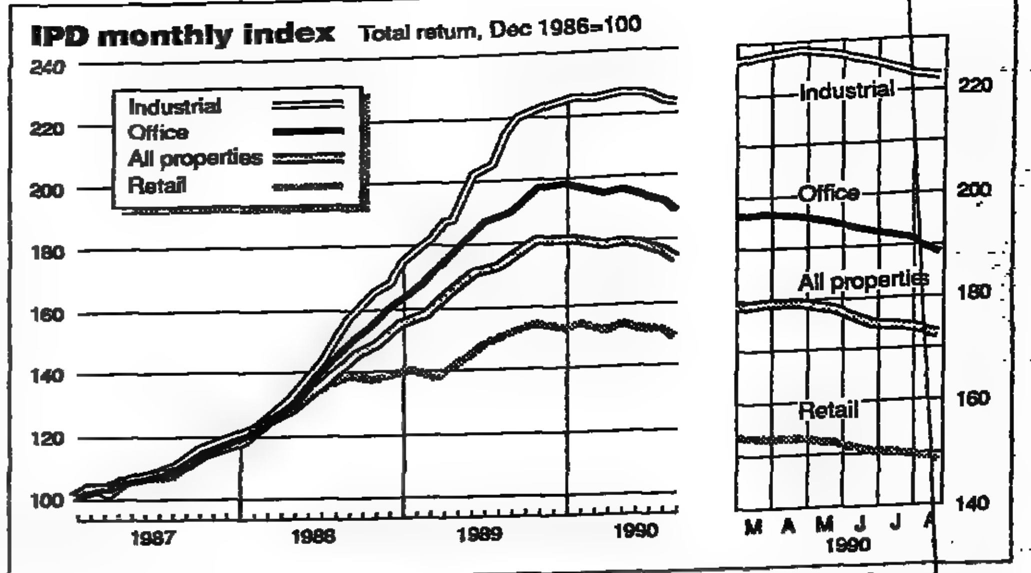
A similar phenomenon is spilling over to sales of buildings. "Payola Properties has exchanged contracts for the sale of the freehold of its Verruca Towers development for £54m . . ." and the like. But has Payola given the purchaser rental guarantees on the building? Worse, has it conceded a "put" option allowing the purchaser to sell the building back to Payola if certain value criteria are not achieved over the next few years? Does the "sale" rank as a genuine transaction at all, and does the price have any relevance as a yardstick?

The property market knows that deals like this are taking place, but they probably only surface where a public company is involved. Quoted property and trading group Finlan sold a couple of buildings near London's Royal Opera House in 1989 for £11.5m, but conceded a "put" option and bought them back for £2m more to forestall exercise of the option – it wrote off £2m in its books. Another quoted company, Sheraton Securities, lists details of a sale with a possible repurchase obligation in its recent annual report.

The lease structure in the UK distorts perceptions of rental levels. While rental values for much property doubled between 1986 and 1989, not all tenants have yet been exposed to the higher rents. The pattern of five-year upward-only rent reviews means that at any one time there will be many tenants paying less than a realistic market rent and more than a few paying above the market rent once the market comes off the boil. The peak rental levels achieved during a boom – accepted as the yardstick for the whole market – are not in practice tested at the time across the market as a whole.

Perhaps that is one of the things that property yields are telling us at the moment. It is not simply that yields have risen because little rental growth is expected over the next couple of years and because there is not the liquidity to support property purchases. Even the present level of rents, established in a boom period, is suspect.

A building let at £35 per square foot and valued on a 5 per cent yield is worth much the same as an identical building let at £50 per square foot and valued on a yield of just over 7 per cent. When yields rise from 5 per cent to 7 per cent, perhaps they are telling us, among other things, that today's realistic rent is closer to £35 than the widely quoted £50.



Fall in returns persists

THE continuing fall in returns on commercial property accelerated in August, according to the latest monthly index figures from Investment Property Databank.

Rental growth was 0.3 per cent, more than offset by negative capital growth, which worsened to -1.9 per cent as the net yield widened to 5.9 per cent. As a result, total returns were -1.4 per cent.

The worst performance came in the office sector, where rental growth was only 0.2 per cent on the month.

Year-on-year rental growth in office property has now dropped below 10 per cent for the first time in this cycle.

Office net yields rose sharply, from 5.3 per cent in July to 5.5 per cent in August, producing a 3.4 per cent drop in capital values. Total returns on office properties were therefore -1.9 per cent for the month.

The year-on-year total return figure turned negative for the first time: it was -0.7 in August.

In the retail sector, rental growth, 0.3 per cent, was more than offset by capital growth of -1.9 per cent. Total return in the retail sector was -1.4 per cent in August, and the year-on-year total return figure was -4.7 per cent.

The industrial sector produced the least bad returns in August, with rental growth of 0.5 per cent, capital growth of -0.9 per cent and total returns of -0.2 per cent.

Peter Martin

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INTERNATIONAL PROPERTY

COMMERCIAL PROPERTY SURVEYS

The Financial Times proposes to publish the following surveys.

19th October: Property in Greater Manchester
2nd November: Port Marina & Waterfront Development
23rd November: Property, Finance & Investment.

For full editorial synopses and advertisement details, please contact

Edward Batt on: 071 873 4196
Peter Shield on: 071 873 3284

Or write to them at
The Financial Times,
One Southwark Bridge, London SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

CONTRACTS & TENDERS

ISLAMIC REPUBLIC OF PAKISTAN
GOVERNMENT OF SINDH
DEPARTMENT OF IRRIGATION AND POWER

PREQUALIFICATION OF CONTRACTORS FOR KOTRI BARRAGE REHABILITATION PROJECT

CONTRACT K2A
GATE REPLACEMENT AND REHABILITATION OF ROAD BRIDGE

1. The works under this contract are expected to be financed by the Overseas Development Administration of the Government of the United Kingdom.
2. Applications are invited from contractors who are registered in the UK and who are well experienced in works of the nature described below and of sound financial status and repute, interested in participating in a restricted tender for the Contract works.

   The UK based contractor will be required to associate with a Pakistani firm of steelwork fabricators for this contract.
3. It is expected that Tender Documents will be issued in December 1990 and that a Contract will be awarded in April 1991. Completion of the Contract will be in 1995.
4. The information contained in this notice is not to be considered as binding and some of the work items below may be changed or withdrawn.
5. Contract K2A will be comprised of the following works at Kotri Barrage:
   - (i) Isolation of each barrage sluiceway using bulkhead gates provided under a separate contract, and removal of existing barrage gates.
   - (ii) Fabrication on site, using materials under a separate contract of 43 replacement barrage gates and 2 lock gates. Installation of new gates and renovation of embedded parts.
   - (iii) Fabrication on site, using materials provided under a separate contract, renovation and installation of 20 canal regulator gates and 2 lock gates.
   - (iv) Overhaul of all gate hoists, mechanisation of barrage gate hoists, and refurbishment of electrical systems.
   - (v) Provision of slipway and mooring facilities.
   - (vi) Rehabilitation of barrage road bridge by replacement of the reinforced concrete deck slab.
6. Contractors who wish to be prequalified for Contract K2A should apply immediately by telex or by fax for Prequalification Forms to the Consulting Engineers for the Project:

   Coode Blizard Ltd.,
   Royal Oak House,
   Brighton Road,
   Purley,
   Surrey CR8 2BG
   U.K.

   Telex 947020 COODES G
   FAX NO. 081-668 4216

   No charge will be made to contractors for the issue of Prequalification Forms.
7. The prequalification documents must be duly completed and returned to the Irrigation and Power Department, Government of Sindh, Tughlaq House, Karachi, Pakistan, where they must be received before 3.00 pm, 20th November 1990. Documents which are received late will not be considered and will be returned unopened.

COMPANY NOTICES

CLAL FINANCE NV

US $20,000,000

GUARANTEED FLOATING RATE NOTES 1995

The interest rate applicable to the above notes in respect of the period commencing 28th September 1990 will be 9.25% per annum.

The interest amounting to US $ 232.53 per $ 5,000 principal amount and US $ 465.07 per $10,000 principal amount of the Notes will be paid on the 28th March 1990 against presentation of Coupon No. 6.

BANK HAPOALIM B.M.
Agent Bank

PUBLIC NOTICES

oftel
Office of Telecommunications

NEW CONNECTION ARRANGEMENTS FOR CALL ROUTING APPARATUS

Notices published by the Director General of Telecommunications ("the Director") pursuant to condition 6.4 and condition 7.2 of the Class Licence for the Running of Branch Telecommunication Systems ("the BSGL") granted on 8 November 1989 by the Secretary of State for Trade and Industry under section 7 of the Telecommunications Act 1984.

1 The Director hereby gives notice publicly, pursuant to condition 6.4 of the BSGL, of his intention to specify, after a period of 42 days has elapsed from the date of this notice, maintainers registered from time to time by the British Standards Institution ("the BSI") against the Quality Assessment Schedule to BS5750: Part 3 relating to: Inspection and Connection of Installed Call Routing Apparatus (QAS 7902/381) as being a class of persons specified for the time being under condition 6.3(c) of the BSGL but only in relation to the making or breaking of any tangible connection between Call Routing Apparatus and any Specified Public Telecommunication System.

2 The Director hereby gives notice publicly, pursuant to condition 7.2 of the BSGL of his intention to specify, after a period of 42 days has elapsed from the date of this notice, installers registered from time to time by the BSI against QAS 7902/377 to BS 5750: Part 2 and maintainers registered from time to time by the BSI against QAS 7902/381 to BS 5750: Part 3 as classes of persons specified under condition 7.1(b) of the BSGL but only in relation to undertaking such relevant operations as are necessary in order for a person belonging to a class of persons specified for the time being under condition 6.3(c) to make or break any tangible connection between Call Routing Apparatus and any Specified Public Telecommunication System and any relevant operations incidental thereto.

LEGAL NOTICES

THE HIGH COURT
1990 No. 10869P CL 5

IN THE MATTER OF
ESSEX INTERNATIONAL PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1963

NOTICE is hereby given that a Petition was on the 13th day of July 1990 presented to the High Court by the above named company, seeking the following relief:-

- (a) Confirmation of the reduction of the share premium account of the company from IR£47,595,000 to IR£27,322,000 by offsetting against it the deficit on the profit and loss account of the above entitled company of IR£20,273,000, the said reduction to be effected by the cancelling of such share premium account to the extent of IR£20,273,000.
- (b) An Order confirming that part of the capital of the company consisting of US$1,000 dividend into 4,000 ordinary shares of 25 cents each be reduced to US$1.75 divided into 7 ordinary shares of 25 cents each by cancelling 3,993 of the said ordinary shares of 25 cents each which have not been taken or agreed to be taken up by any person.
- (c) An Order confirming the reduction of that portion of the capital of the company which consists of seven ordinary shares of 25 cents each, all of which have been issued and are fully paid up, by cancelling the entire of such shares and returning to the holders thereof the full amount of the capital paid up thereon, namely $1.75.
- (d) An Order approving the terms of a Minute to be registered in the Companies Office recording the reduction of the said share premium account, the cancellation of the unissued 25 cent shares and the reduction of the share capital of the company represented by the seven 25 cent shares at present issued.
- (e) Such further or other Order as to the Honourable High Court shall seem proper, including an Order providing for the costs of such application.

And further take notice that the said Petition is directed to be heard before the High Court sitting at the Four Courts, Inns Quay in the City of Dublin at 11.00 o'clock in the forenoon or on the first opportunity thereafter, on Monday the 8th day of October 1990.

Any creditor or shareholder of the aforesaid company desiring to oppose the making of the Orders sought in the said Petition should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any creditor or shareholder requiring the same by the undermentioned Solicitors.

Dated the 14th day of August 1990

Whitney Moore & Keller
Solicitors for the above named Company
Wilton Park House,
Wilton Place,
Dublin 2

CITY OF MONTREAL

9% PERMANENT DEBENTURE STOCK
NOTICE IS HEREBY GIVEN that the Transfer register will be closed from 15 Oct to 31 Oct both rate inclusive.
THE ROYAL BANK OF SCOTLAND

Registrars
Registrar's Department
29 Gresham Street
London EC2V 7HN

BEAVER BUILDING SYSTEMS LIMITED

Registered number 667966
Nature of business
Architectural Metal Work
Trade classification: 23
Date of appointment of joint administrative receivers
17 September 1990
Name of person appointing the joint administrative receivers
National Westminster Bank Plc
NJ Vooght & C J Hughes
Joint Administrative Receivers
(Office holder nos 6339 and 2041) of
Cork Gully
Orchard House
10 Albion Place
Maidstone
Kent ME14 5DZ

ART GALLERIES

POLAND

The Financial Times proposes to publish this survey on:

20th November 1990

For a full editorial synopsis and advertisement details, please contact:

Patricia Surridge on 071-873 3426

or write to her at:

Number One Southwark Bridge
London
SE1 9HL
or Contact Nina Kowalewska,
Rozana 37/9,
Warsaw, Poland
Tel: (22) 48-97-87

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

COMMODITIES AND AGRICULTURE

Peruvian miners agree to end 6-week-old strike

By Charles Gepp in Lima

WORN OUT after a 6-week strike and eager to return to work, Minero Peru union leaders have reached an agreement with company officials.

Workers at the San Antonio de Poto gold-dredging operation returned to work at midnight on Tuesday according to union representative Mr Benito Gutierrez. Workers at the Cajamarquilla zinc refinery, Ilo copper refinery, and Cerro Verde copper mine and refinery will return to work today.

The breakthrough came when the unions abandoned their call for an increase of 229 per cent in the basic wage. Sensing the company's unbending position and reluctant to push their demands through a legal process that could last as long as four years, the unions settled instead for Minero Peru's offer of a 45 per cent increase plus some minor benefits.

According to National Mining Federation leaders, the unions decision to stop the strike was influenced by a need to regroup in preparation for the federation's plenary session scheduled for October 4-6.

During the plenary session, representatives from all the mining unions – including Southern Peru Copper Corporation, Minero Peru, and Centromin – will discuss whether and how to implement a nation-wide strike.

The federation's purpose is to put forward a collective bargaining act that includes demands for better working and living conditions at the mines, to index salaries to inflation, and to institute reforms on current retirement arrangements.

Efforts at collective negotiations will be undermined however, by a weakening bargaining position on the part of the unions. The reason for this is that every individual union has its own agenda to resolve at a time when a severe economic recession threatens jobs and the existence of many mines.

Naturally the government and the companies, which stand solidly together, will follow a divide-and-conquer strategy.

The national strike, if agreed, would start on October 15.

Greek drought may cost farmers £690m

By Kerin Hope

THE WORST drought in Greece for more than a century threatens to cut overall agricultural production for 1990 by more than 20 per cent. While losses were initially estimated at about Dr151bn (£520m), the figure now seems likely to approach Dr200bn (£690m) following a poor grape harvest in southern regions and prospects of a sharply reduced olive crop.

Last winter's rainfall was 43 per cent below the average level, according to Agricultural Bank figures. And there was scarcely any snow, which meant that river levels were lower than normal even at the start of the spring irrigation season.

"There hadn't been much snow the previous winter either, but spring rainfall saved the cereal crop. This time were were unlucky," Mr Michael Papaconstantinou, the Agriculture Minister, said.

"We're working on a water conservation plan involving construction of small-scale dams, but that will take time. Another dry winter and irrigated crops will have severe difficulties next year," he added.

Wheat production fell by an average of 30 per cent, although in upland areas almost three-quarters of the crop was lost. Barley and maize losses were smaller, but the overall drought cost amounted to Dr50bn for the cereal sector.

Because pastures dried up quickly, livestock owners had to spend an extra Dr10bn on animal feed. Dairy output fell by around 25 per cent in the first half of the year, according to the Agricultural Bank.

However, cotton, sugar-beet and tomatoes for processing were much less seriously affected.

With careful husbandry of irrigation supplies, there was little damage to the high-value fruit and vegetable crops, which account for almost 70 per cent of Greek agricultural earnings. In fact, fruit exports soared by up to 80 per cent for some varieties in comparison with the 1989 season.

However, this year's losses will still amount to about 13 per cent of total agricultural earnings in 1989. The farm sector normally contributes about 14 per cent of the countries gross domestic product, although about 27 per cent of the labour force is employed on the land.

Mr Papaconstantinou said the government was seeking extra financial aid from the European Community, together with other Mediterranean member-countries affected by drought. But since it is doubtful that the Community will be able to come up with substantial emergency aid, the Greek government is considering a compensation package for farmers, to be included in the the 1991 budget.

It will be some time, however, before the exact cost of the drought can be calculated. The grape harvest is still under way, while olive-picking has not yet begun.

On the southern island of Crete, a major olive oil producing region, local officials say the best that can be hoped for is an early autumn rainfall for the olive crop. Even so, this year's crop is certain to be at least 45 per cent lower than in 1989.

"Unseasonally early rain would go some way towards improving the quality. But the damage has already been done, and the 1991 crop will also be smaller, regardless of this winter's weather," says Mr Nicos Michalakis, director of the Institute of Sub-Tropical Plants at Hania.

Some lowland olive groves have been irrigated this year but a large proportion of the island's 25m olive trees are planted on steep hillsides. Still, they are unlikely to suffer lasting damage from drought, for as Mr Michalakis puts it, "when it comes to rejuvenation olive trees are almost immortal."

The outlook for Cretan vineyards is gloomy. Reduced production of table grapes, sultanas and wine will reduce agricultural earnings this year by at least Dr9.5bn, according to estimates by local officials. In addition, the vine will be unable to produce good quality grapes after one more dry winter and many vineyards will have to be uprooted.

Platinum prices sink to four-year lows

By David Blackwell

PLATINUM PRICES fell to a four-year low yesterday in London following the drop of almost $15 a troy ounce on Wednesday. On the New York Mercantile Exchange October platinum futures hit a low of $435.50 an ounce, the lowest price since July, 1986, in early trading.

The metal closed on the London bullion market at $441.50, a fall of $5.25 on the day. Gold closed almost unchanged at $405.25 a fine ounce. At the beginning of August, just before Iraq invaded Kuwait, platinum was trading at $484.85 an ouncecompared with gold at $373.25.

Platinum's biggest single use is in catalysts for the automotive industry, which account for more than a third of world demand. Analysts said that platinum, palladium (also used for autocatalysts) and silver were increasingly being seen as mainly industrial metals. Prices were reacting to the Gulf crisis and fears of a global recession.

Mr Andrew Smith, precious metals analyst with UBS Philips & Drew, said yesterday that platinum was a thin market, and "when it moves, it really does move."

He pointed out that between 1980 and 1985, when the world economies were weak, platinum had traded at a discount to gold. "Platinum has no God-given right to a premium," he said.

The last time the premium almost disappeared was in October 1987 after the stock market crash.

Just over a fortnight ago platinum tumbled following the US/Soviet summit meeting. That fall was attributed to lack of interest from Japan, the world's biggest consumer of platinum, which it uses both for autocatalysts and for jewellery and investment.

Recession fears have hit the Japanese stock markets harder since then, and future demand for platinum from both industry and investors continues to look bleak.

Mr Smith said that in August Japan imported 27 tonnes of gold compared with 17 tonnes in July, while platinum imports fell from 6.3 tonnes to under 5 tonnes.

Mr Robert Davies of Lehman Brothers said that the long term supply/demand outlook for platinum was none too healthy, with lots of supply coming on stream. "When you consider that half demand is for investment and jewellery, you have to question how strong demand will be." He believed the metal could be trading at a discount to gold if the world economy were to revert to a similar situation to the early 1980s.

Mr Brian Nathan of Ayrton Metals thought $400 an ounce was a firm bottom for the market. "I don't think it will go to a discount to gold – but it will go quite close," he said yesterday.

Pointing the way to a better buffalo

Steven Barmazel on a crucial breakthrough in scientific breeding

IN THAILAND a rice farmer plods behind his plough through the soggy draughtsboard of his paddies, pulled along by a water buffalo; in a Burmese forest a buffalo hauls a cartload of teak; and in a northern Indian village, a dairyman finishes milking his buffalo and sets out in the pre-dawn light to make his deliveries.

From the Khyber Pass to the South China Sea, people depend on water buffaloes to eke out a living. More than 132m buffaloes, about 96 per cent of the world population, live in Asia. Subcontinental breeds supply substantial amounts of milk and beef, while Southeast Asian "swamp buffaloes" (named for their habit of cooling themselves by wallowing in mud) are so widely used as beasts of burden they have earned the nickname "the Asian tractor".

Breeds of super buffaloes could produce more food for people while consuming less themselves

Until now the buffalo owner has had to take the beast as he has found it. Little has been done to improve it through selective breeding. But this is about to change, if a group of Pakistani scientists working on a research farm on the dusty red plain outside Islamabad has its way. Nemat Ullah and his co-workers at the Animal Science Institute have implanted a frozen embryo into a water buffalo – No. 375, as she is known. This achievement, the first such success on record, is a giant leap toward creating breeds of super buffaloes that produce more food for people while consuming less themselves.

"We hope to double milk production in a decade," says Dr Muhammad Anwar, director of animal production for the Pakistan Agricultural Research Council, the institute's major sponsor. Simultaneously, he wants to reduce the number of buffaloes to conserve limited grazing land from over-use.

Such improvements should prove a great boon to South Asia, where people depend on buffaloes for major portions of their diet. The beast provides about 60 per cent of the milk drunk in some states of India. More than 70 per cent of the milk Pakistanis drink and half the beef they eat, come from buffaloes. The institute's Dr Rafiq Usmani has estimated that breeding in such desirable traits as younger maturity, greater calving frequency and increased daily milk production would gain $3bn worth of milk, beef and fodder annually for Pakistan alone.

Dr Ullah's team hopes to have whole herds of low milk-producing "scrub" cows serving as surrogate mothers for embryos from top milk and beef producers. Prime cows would be turned into ovum and embryo factories, spreading their genes around as quickly as possible. Using scrub animals as surrogate mothers is cheaper, explains Ullah; they cost only about two-thirds as much as good producers. Besides, having a prime producer carry an embryo for a full nine-month pregnancy would be self-defeating, because she could not produce any ova during that time.

While fresh embryos have been successfully implanted in buffaloes in Bulgaria and Thailand, implanting a frozen embryo is a breakthrough in scientific breeding. Frozen embryos can be stored more easily and they eliminate the problem of synchronising the hormonal cycles of donors and recipients, Dr Ullah says.

The scientist's success with a frozen embryo came after 30 failures. "There were problems with freezing techniques", he explains. He had stared by applying cattle breeding techniques but soon found that these had to be modified to work on buffaloes.

He hopes to perfect other breeding techniques, such as "super ovulation", for buffaloes. Bovine cows, aided by hormone injections, can be made to produce up to 16 ova a month. Institute scientists have already induced buffalo cows to produce up to 10 ova at once, but have been unable to recover more than four.

Dr Ullah also hopes to perfect the freezing technique that was finally successful, one which used an every-day household freezer. Cattle breeders have achieved only a 50 per cent success rate using household freezers, which cannot finely control the rate of freezing. But the comparatively low equipment cost (special embryo freezers, though more effective, cost $16,000, says Dr Ullah) makes the technique particularly attractive for breeders in developing countries.

Dr Ullah even wants to fertilise ova in vitro, that is, to extract unfertilised eggs, fertilise them in the laboratory with semen tested for potency, and implant them in the scrub animals. This would greatly hasten the spread of superior buffalo genes, he says.

For these techniques to be applied with greatest effect, however, the buffalo's genetic potential must first be fully explored.

"The buffalo has great potential," says Dr Mohammed Arslan, professor of biology at Islamabad's Quaid-i-Azam University. but he admits: "There's a lot of work to be done."

World grain forecast raised by 14m tonnes

By Richard Mooney

THE INTERNATIONAL Wheat Council has raised its estimate of world grain production in 1990-91 by 14m tonnes from the 1,401m tonnes it forecast in early July, while raising the consumption figure by 4m tonnes to 1,406m tonnes.

In its Market Report, published yesterday, the IWC puts wheat production at 584m tonnes, up by 20m tonnes from the July estimate and by 46m tonnes from 1989-90. The coarse grains figure of 831m tonnes is down by 6m tonnes from July but still 26m tonnes up on the 1989-90 level. Wheat consumption for 1990-91 is now put at 566m tonnes, up from 557m tonnes in July, while that for coarse grains is cut by 5m tonnes to 840m.

World grain stocks are forecast to end the 1990-91 season at about 238m tonnes, some 5 per cent higher than the "very low" 227m tonnes of 199-90 but way below 1987-88's figure of 350m tonnes and the 1986-87 record of 406m tonnes.

Against this background of a "relatively modest imbalance between global supplies and demand" the council sees prospects of a sharp reduction in the volume of trade as the main reason behind "the extreme fragility of the world grain market," which has seen an "unprecedented" 35 per cent drop in international wheat prices since July and smaller reductions for coarse grains. In particular it notes "the near-absence from the market of key importers such as China and the USSR." It sees total grains trade falling by 16m tonnes to 181m. tonnes.

In addition the council points to "intensified competition between exporters, determined to maintain traditional outlets." It says future movements in prices may also be influenced by the levels of subsidies on offer from competing suppliers.

Reuters reports from Brussels: European Community farmers' organisations estimate the 1990 EC cereals harvest at between 157m and 158m tonnes, according to a joint statement from the farmers' lobbies Copa and Cogeca.

This would put the harvest below the 160m tonne target, thereby avoiding the triggering of a 3 per cent cut in prices the following season under EC stabiliser rules aimed at curbing production.

Drought in several southern countries and lower area under cereals are the main factors accounting for the lower harvest, the statement says. Copa/Cogeca estimate that the area is down by 2.5 per cent or about 1m hectares. If the lobbies' are right, it will be the first time since the introduction of the stabiliser system in 1988 that a harvest produces less than 160m tonnes.

Traders expect that Coceral, the European grain traders' association, will also be presenting an estimate of under 160m tonnes to the commission's cereals advisory committee today. The estimate incorporates results for cereals already harvested, and projections for maize, which still has to be harvested.

● The UK cereals crop is provisionally put at 22.7m tonnes in 1990-91, unchanged from the 1989-90 crop, according to the Ministry of Agriculture's first estimate of the new crop.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices advanced on the LME yesterday. Traders said the market was being driven by technical tightness after news that Southern Peru Copper extended its force majeure on cathode deliveries into October. There was no impact from the expected return to work by striking Minero Peru workers. Aluminium prices surged in early trading, fuelled by speculative buying and short-covering, partly against option commitments, which saw three-month metal trade up to $1,985 a tonne at one point. Traders said resistance had been expected above the $1,960 level and were not surprised when the market fell back from its highs. Aiding the market's recovery from Wednesday's low of $1,845 was the fact that nearby premiums had not narrowed and the threat of fourth-quarter supply tightness still loomed. Three-month tin reached a six week high of $6,225 a tonne in afternoon trading, fuelled by prospects of increasing technical tightness for December-January deliveries. London coffee prices remained in a tight range. Dealers said the market lacked major news – ICO talks may be about to fizzle out with a one-year renewal of the current administrative-only pact.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$35.10-5.20y	+1.125
Brent Blend (dated)	$41.15-1.25	+0.900
Brent Blend (November)	$39.10-9.25	+1.075
W.T.I. (1 pm est)	$39.50-9.55y	+1.115
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$436-440	+½
Gas Oil	$346-347	+6
Heavy Fuel Oil	$141-143	+2
Naphtha	$380-395	+8½
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$405.25	-0.25
Silver (per troy oz)♣	481c	-1
Platinum (per troy oz)	$441.50	-5.25
Palladium (per troy oz)	$97.75	-2.00
Aluminium (free market)	$2035	
Copper (US Producer)	135c	+2.75
Lead (US Producer)	50c	
Nickel (free market)	470c	
Tin (Kuala Lumpur market)	15.71r	+0.04
Tin (New York)	287.0c	+4.0
Zinc (US Prime Western)	84.5c	+3.5
Cattle (live weight)†	100.43p	*
Sheep (dead weight)†	131.22p	*
Pigs (live weight)†	[illegible]	*
London daily sugar (raw)	$275.4v	-4.0
London daily sugar (white)	$310.0v	-2.0
Tate and Lyle export price	£257.0	-2.5
Barley (English feed)	£115w	
Maize (US No. 3 yellow)	£151.0w	+0.5
Wheat (US Dark Northern)	£90.0w	
Rubber (Nov)♥	53.25p	-0.25
Rubber (Dec)♥	53.50p	-0.25
Rubber (KL RSS No 1 Oct)	240.5m	+1.5
Coconut oil (Philippines)§	$275.0v	-2.5
Palm Oil (Malaysian)§	$285.0w	+2.5
Copra (Philippines)§	$197.5t	
Soyabeans (US)	£146	
Cotton "A" index	80.75c	+0.35
Woolteps (64s Super)	436p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Dec. u-Oct/Dec v-Oct/Nov. w-Oct z-Aug/Sep y-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Oct	245.00	248.40	248.00	240.00
Dec	234.00	241.00	250.00	234.00
Mar	236.00	236.80	238.80	232.80
May	236.00	238.00	236.00	
Aug	237.00	238.00	237.00	
Oct	237.00	237.00	237.00	
White	Close	Previous	High/Low	
Dec	308.0	307.2	308.7	305.3
Mar	307.0	306.8	308.2	304.5
May	307.0	307.0	306.5	304.0
Dec	308.5	307.0	297.7	
Mar	309.5	310.0	310.0	289.7

Turnover: Raw3490 (4446) lots of 50 tonnes. White 1010 (1775)
Paris- White (FFr per tonne): Dec 1616 Mar 1625, May 1627, Aug 1675, Oct 1645

CRUDE OIL – IPE				$/barrel
	Latest	Previous	High/Low	
Nov	38.80	37.95	39.00	36.40
Dec	36.90	36.24	37.25	34.70
Jan	35.30	34.55	35.30	33.40
Feb	32.50	33.20	32.50	32.30
IPE Index	36.70	36.11	36.11	36.70

Turnover: 16008 (16004)

GAS OIL – IPE				$/tonne
	Latest	Previous	High/Low	
Oct	338.00	329.50	340.00	317.00
Nov	330.50	322.25	332.00	313.00
Dec	323.50	314.75	326.00	308.50
Jan	313.50	305.00	313.50	300.00
Feb	291.00	291.00	291.00	287.50
Mar	285.00	282.00	285.00	283.00
Apr	265.00	260.00	265.00	264.00

Turnover 10565 (17594)lots of 100 tonnes

FRUIT AND VEGETABLES

Homegrown Cox's apples are this week's best buy at 40-55p a lb (40-65p), reports FFVIB. English Bramleys at 22-35p a lb (25-35p) are abundant along with bananas at 40-55p a lb (40-55p), grapes at 50-75p a lb (50-75p) and kiwifruit at 16-25p each (16-25p). English and Dutch cabbage is good value at 20-30p a lb (20-35p). Carrots at 20-30p a lb (20-30p) remain a good buy. English onions at 12-20p a lb (12-20p) and sweetcorn at 20-30p per cob (20-30p) are all plentiful. Celery remains good value at 35-45p a head (35-45p). Chinese leaves at 65p-£1.20 a head (65p-£1.20) and spring onions at 25-35p a bunch (25-35p).

COCOA – London FOX				£/tonne
	Close	Previous	High/Low	
Sep	725	727	727	718
Dec	755	750	759	743
Mar	788	786	792	777
May	810	807	811	801
Jul	831	827	831	825
Sep	851	847	851	846
Dec	878	874	876	870

Turnover: 2372 (3295) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 26 979.75 (982.07) 10 day average for Sep 27 983.76 (983.76)

COFFEE – London FOX				£/tonne
	Close	Previous	High/Low	
Sep	577	578	579	572
Nov	595	589	601	[illegible]
Jan	612	615	617	610
Mar	606	612	615	606
May	621	625	623	620
Jul	634	634	636	636
Sep	650	651	652	

Turnover: 1903 (2816) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 26: Comp. daily 73.57 (74.17). 15 day average 75.48 (75.83)

POTATOES – BFE				£/tonne
	Close	Previous	High/Low	
Nov	85.0		85.1	
Apr	141.9	139.4	142.5	138.2
May	157.0	165.0	155.5	155.0

Turnover 232 (296) lots of 40 tonnes.

SOYABEAN MEAL – BFE			£/tonne
	Close	Previous	High/Low
Dec	114.00	115.00	114.00

Turnover 15 (0) lots of 20 tonnes.

FREIGHT FUTURES – BFE				$10/index point
	Close	Previous	High/Low	
Oct	[illegible]	1205	1215	1203
Jan	1232	1230	1238	1230
Apr	1218	1216	1219	
BFI	1168	1170		

Turnover 193 (555)

GRAINS – BFE				£/tonne
Wheat	Close	Previous	High/Low	
Nov	114.50	114.60	114.50	114.30
Jan	118.65	118.65	118.65	118.35
Mar	122.15	123.20	122.00	
Barley	Close	Previous	High/Low	
Nov	112.85	113.10	113.00	112.60
Jan	117.00	117.15	117.00	116.80

Turnover: Wheat 148 (296), Barley 55 (57).
Turnover lots of 100 tonnes.

PIGS – BFE			(Cash Settlement) p/kg
	Close	Previous	High/Low
Nov	103.3	104.0	104.0

Turnover 10 (36) lots of 3,250 kg

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,245 lots
Cash	2075-80	2005-10		2095-100		
3 months	1945-50	1865-8	1965/1935	1957-8	1940-3	[illegible] lots
Copper, Grade A (£ per tonne)						Total daily turnover 27,148 lots
Cash	1547-9	1499-501	1550/1543	1543-4		
3 months	1482-5	1457-8	1493/1475	1479-80	1488-9	118,883 lots
Lead (£ per tonne)						Total daily turnover 2,533 lots
Cash	431-3	423-5	432	431.5-2.5		
3 months	441-3	437-8	447/437	442-3	441-3	11,153 lots
Nickel ($ per tonne)						Total daily turnover 2,844 lots
Cash	10350-450	10550-650	10550/10500	10540-50		
3 months	10050-75	10150-200	10200/9925	10080-100	9950-10000	6,031 lots
Tin ($ per tonne)						Total daily turnover 4,280 lots
Cash	6120-30	5990-5	6120	6030-40		
3 months	6215-6220	6105-10	6225/6080	6150-60	6210-5	7,511 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,288 lots
Cash	1410-15	1410-2	1415	1414-5		
3 months	1390-2	1383-5	1413/1385	1390-5	1385-90	19,411 lots

LME Closing £/$ rate:
SPOT: 1.8660 3 months: 1.8304 6 months: 1.8119 9 months: 1.7982

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	405-405½	216¼-217¼
Opening	404¾-405¼	216-216½
Morning fix	401.90	214.770
Afternoon fix	403.95	215.843
Day's high	406¼-407	
Day's low	401-401½	
Coins	$ price	£ equivalent
Mapleleaf	415-420	222-225
Britannia	415-420	222-225
US Eagle	415-420	222-225
Angel	415-420	222-225
Krugerrand	404-407	216-218
New Sov.	95-97	50¾-52
Old Sov.	95-97	50¾-52
Noble Plat	446.75-453.90	238.90-242.75
Silver fix	p/fine oz	US cts equiv
Spot	[illegible]	477.85
3 months	264.85	487.85
6 months	273.95	497.40
12 months	[illegible]	517.70

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
[illegible]	217	118	25	79
[illegible]	146	73	53	132
2100	71	32	125	237
Copper (Grade A)	Calls		Puts	
2650	197	137	23	100
2750	127	92	52	162
2850	75	59	99	217
Coffee	Nov	Jan	Nov	Jan
550	48	72	4	11
600	16	40	22	29
650	3	21	59	60
Cocoa	Dec	Mar	Dec	Mar
700	72		17	
750	43	83	38	46
800	24	59	68	72
Brent Crude	Nov	Dec	Nov	Dec
3050			140	
3100				
3150				

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Oct	405.0	407.0	406.3	400.0
Nov	408.0	410.0	0	0
Dec	410.8	412.8	412.6	406.6
Feb	415.4	417.4	417.0	411.0
Apr	419.7	421.8	420.5	416.5
Jun	424.3	426.4	423.0	419.4
Aug	428.6	430.7	0	0
Oct	433.5	435.7	0	0
Dec	438.4	440.6	438.0	436.0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	437.3	448.0	440.0	435.5
Jan	442.8	454.7	446.5	442.0
Apr	449.0	460.6	451.5	446.5
Jul	454.7	466.3	456.0	456.0
Oct	460.2	0	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Oct	477.1	479.8	477.5	477.5
Nov	480.6	483.4	0	0
Dec	484.5	487.3	485.0	483.0
Jan	487.0	489.8	0	0
Mar	495.2	498.1	498.0	494.0
May	502.5	505.5	504.0	501.5
Jul	510.0	513.0	511.0	508.5
Sep	517.8	520.8	0	0
Dec	528.9	531.9	530.0	527.0
Jan	532.3	535.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	127.55	124.80	128.00	126.20
Nov	123.60	121.00	123.70	123.70
Dec	119.85	117.60	120.80	118.10
Jan	117.55	115.60	0	0
Mar	113.85	112.20	114.25	113.00
Apr	112.10	111.10	0	0
May	110.60	109.60	111.20	110.20
Jun	109.25	108.60	0	0
Jul	107.90	107.40	0	0
Aug	106.60	106.25	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Nov	39.60	38.67	40.10	37.87
Mar	33.95	32.84	34.00	32.00
Apr	32.70	31.66	32.75	30.80
Jun	30.80	29.64	30.60	28.80
Aug	28.75	28.19	28.75	28.30

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Oct	10500	10257	10500	10050
Nov	10590	10372	10600	10170
Jan	10480	10326	10520	10100
Feb	9980	9811	10020	9600
Mar	9420	9311	9470	9300
Apr	8975	8836	8975	8830
May	8650	8486	8700	8400
Jun	8450	8236	8450	8200
Jul	8330	8116	8330	8270

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	1307	1274	1318	1280
Mar	1347	1315	1356	1307
May	1378	1346	1375	1340
Jul	1410	1378	0	0
Sep	1441	1409	1430	1430
Dec	1474	1442	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	94.50	94.35	95.50	94.00
Mar	97.65	97.30	98.40	97.25
May	99.80	99.50	100.25	98.50
Jul	102.00	101.65	102.05	101.50
Sep	103.95	103.55	104.00	103.50
Dec	105.50	106.50	106.75	106.40

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	10.52	10.62	10.62	10.43
Mar	10.54	10.58	10.59	10.46
May	10.53	10.60	10.56	10.47
Jul	10.55	10.60	10.57	10.48
Oct	10.58	10.66	10.61	10.52

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	73.47	73.70	73.70	73.11
Dec	72.34	72.28	72.49	71.95
Mar	73.47	73.40	73.60	73.10
May	74.00	73.90	74.05	73.65
Jul	74.05	74.07	74.20	73.90
Oct	69.50	69.60	69.50	69.50

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	136.70	136.70	136.90	135.60
Jan	132.50	132.40	132.70	131.55
Mar	132.40	132.40	133.25	132.10
May	132.40	132.10	132.50	132.50
Jul	132.40	132.10	132.50	132.50

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Sep 27	Sep 26	mnth ago	yr ago
	1783.6	1782.4	1791.6	1872.4
DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 26	Sep 25	mnth ago	yr ago
Spot	130.11	130.26	131.49	129.46
Futures	131.52	131.43	133.37	129.94

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Nov	619/2	615/4	622/0	615/0
Jan	633/6	630/0	636/2	629/4
Mar	646/2	642/2	649/4	642/0
May	655/4	651/2	658/4	651/0
Jul	663/2	658/2	665/4	656/4
Aug	658/0	654/0	660/2	654/4
Sep	634/0	633/0	0	0
Nov	626/0	624/6	628/4	622/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Oct	23.36	23.46	23.57	23.33
Dec	23.72	23.75	23.84	23.63
Jan	23.99	24.00	24.07	23.90
Mar	24.31	24.27	24.35	24.20
May	24.54	24.47	24.60	24.45
Jul	24.65	24.55	24.65	24.50
Aug	24.50	24.40	24.55	24.35
Sep	24.30	24.10	24.30	24.10

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Oct	177.2	176.5	178.0	175.6
Dec	183.3	181.6	183.9	181.6
Jan	185.4	183.6	185.8	183.5
Mar	188.4	186.7	188.7	185.5
May	189.5	188.0	190.2	188.3
Jul	190.7	190.0	191.0	189.5
Aug	190.0	189.0	191.0	190.0
Sep	189.0	188.7	190.0	189.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	227/4	228/2	228/6	227/2
Mar	237/2	237/6	238/2	236/6
May	243/0	243/6	244/0	242/6
Jul	246/4	247/0	247/6	246/0
Sep	244/2	243/2	245/0	243/4
Dec	246/0	244/6	246/6	244/4
Mar	252/0	251/4	0	0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	277/4	276/4	278/4	276/2
Mar	292/0	290/4	292/4	290/0
May	298/6	297/6	299/6	297/6
Jul	304/0	303/0	304/4	302/4
Sep	308/4	307/0	0	0
Dec	317/0	316/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	79.00	78.47	79.17	78.65
Dec	76.25	75.70	76.30	75.67
Feb	74.60	74.12	74.70	74.25
Apr	75.35	75.07	75.47	75.15
Jun	73.10	72.60	73.15	72.80
Aug	71.75	71.45	71.80	71.40
Oct	71.60	71.52	71.60	71.60

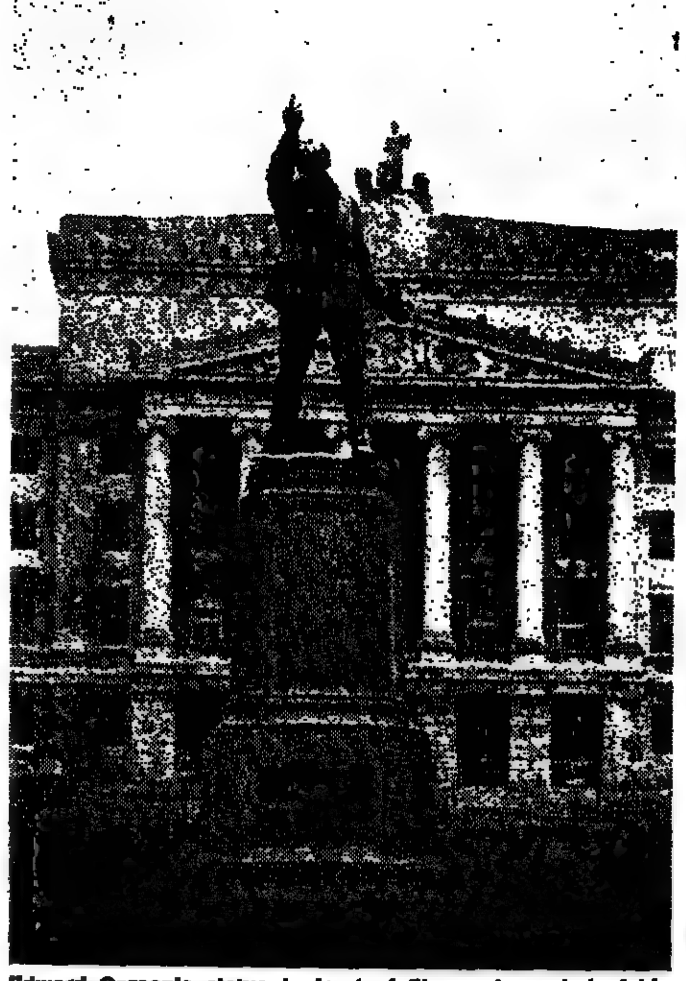
LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	53.85	54.07	54.40	53.35
Dec	51.80	52.10	52.40	51.65
Feb	49.27	49.67	49.85	49.20
Apr	46.42	46.72	46.85	46.37
Jun	49.80	50.20	50.35	49.70
Jul	50.00	50.25	50.35	49.85
Aug	48.70	48.95	48.85	48.60
Oct	44.20	44.07	44.25	44.05

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	57.37	56.20	58.15	56.05
Mar	57.42	56.22	58.05	56.15
May	57.70	57.15	58.80	57.10
Jul	57.70	57.15	58.70	57.10
Aug	56.50	56.00	56.60	55.70

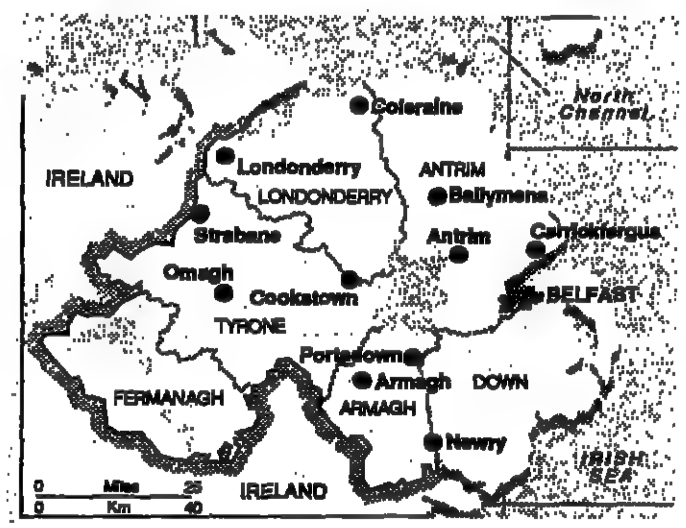
FINANCIAL TIMES SURVEY

NORTHERN IRELAND

Friday September 28



Edward Carson's statue in front of Stormont, symbol of his message that Northern Ireland is part of the UK



The outside world's idea of Northern Ireland is out of date, as violence is far rarer than formerly. However, the province is different from the rest of the UK, whether in politics, the local economy, the government's attitude or in industry, as Kieran Cooke explains

In the UK, but different

THE SCENE is an Irish fund raising dinner in New York. A prominent Irish American politician proposes a toast: "And now to our long suffering brethren in Northern Ireland who daily endure the anguish of violence..."

It is overlooked that on average there are 2,000 murders each year in New York, while last year a total of 62 people died as a result of the Troubles in Northern Ireland.

The outside world – including many people on the British mainland as well as those in the US – retains an image of Northern Ireland which is many years out of date.

The IRA is still operating and continues to carry out its violent campaign, both in the province and elsewhere. The killing continues. More than 16,000 troops are still operational in Northern Ireland. On most days there is a terrorist incident of some kind or another.

But widespread bombings, riots and the days of multiple killings certainly seem to be part of history. Indeed,in some respects, life in the province is more peaceful than in many other parts of the UK. Northern Ireland has one of the lowest crime rates in Britain. For people with a job it is arguably one of the more pleasant areas of the UK to live, with low housing costs, a good, under-used infrastructure, and some of Britain's finest countryside.

Yet there is no getting away from the fact that things are far from normal in Northern Ireland. This does not apply just to the security situation. Northern Ireland remains simultaneously part of and separate from the UK.

The province's economy did not fully participate in the mid-1980s expansion of the UK economy. Yet last year, as the rest of the economy was experiencing a downturn, Northern Ireland had one of its best years for some time. Industrial output rose by 8 per cent – well ahead of the national average. Two of the province's biggest industries, Short Brothers aerospace and Harland and Wolff shipbuilders, were successfully privatised, though at considerable cost to the government.

Unemployment last year fell by 10,000. The retail boom of recent years shows only little sign of slackening in Northern Ireland. There seems to be either a new shopping complex or leisure centre on every corner.

The government is justified in its claims that with terrorist activity at its lowest level for some years, the shops full, and signs of an industrial revival – in part spurred by new foreign investment – Northern Ireland is in better health today than it has been for some considerable time.

Yet this cannot disguise the fact that GDP per head is still at least 20 per cent below the average elsewhere in the UK, and that Northern Ireland continues to top the national unemployment league, with 14 per cent out of work.

The local economy is unusual in that it has been spared many of the more wide ranging government cutbacks imposed in recent years. In some ways the Troubles have become an industry. They have sustained levels of public spending and support long since gone in the rest of the UK. For mainly political reasons, the state continues to plough large amounts of money – about £1.7bn last year – into the province. While this has created jobs in some areas and maintained living standards, it has also caused distortions in the local economy and a lack of competitiveness.

Some levels of government aid are hard to explain. Government expenditure on the agriculture sector runs at about £150m per year – 13 per cent of total national agricultural expenditure for only 3 per cent of the population.

More than 40 per cent of the province's workforce are employed by the state: "An attitude of dependency, allied with a rather inward looking, parochial approach . . . has tended to characterise the Northern Ireland approach", says a senior government official.

But government strategy is changing. Under a new policy unveiled earlier this year, the emphasis will be on improving competitiveness through training and increasing worker and management skills.

Mr Richard Needham, Minister for the Economy in Northern Ireland, describes the new policy as a fundamental change in direction: "government will no longer merely be supporting industry with cash. Instead, we have to tackle our productivity problems, and build up our marketing capabilities. In a small economy like Northern Ireland, with an output not much bigger than that of a large corporation, you have to tackle things in a very hard headed, competitive way."

Mr Needham feels that as the private sector becomes stronger the need for government supports will diminish. But there are few illusions about the problems of unemployment. Northern Ireland now has the highest birthrate in the EC. The negative side of this is that the province continues to produce and educate more people at a faster rate than it produces jobs. The positive side is that at a time of growing labour shortages elsewhere, the province is able to offer large numbers of highly educated young workers.

Thousands still leave Northern Ireland each year in search of jobs. While emigration tends to be an emotional subject, the government has taken a new approach, backing schemes which offer training and accommodation to those who want to go to the UK mainland, particularly to work in the retail sector: "The hope is that these people will then return to Northern Ireland, complete with their new skills" says Mr Needham.

Most leave Northern Ireland for economic reasons. But some have grown weary of what seems to be the intractability of the political situation. This year political hopes have run high: "talks about talks" between the various constitutional parties in the province seemed likely. Mr Peter Brooke, the Secretary of State for Northern Ireland, has won praise from all sides for his understanding and patience (even Sinn Fein, the IRA's political wing, has complimented Mr Brooke).

The Unionists have softened their stance. There are indications that the government is ready at least to consider some sort of alternative to the Anglo-Irish Agreement, to which the Unionists remain firmly opposed. But Mr Brooke's voyage through the hazardous Northern Ireland political waters has run into trouble over the role of the Irish government in any new round of talks. Mr Brooke's boat *is* still afloat, but is looking increasingly unseaworthy.

One of the problems with Northern Ireland politics is that, like the economy, it has been largely divorced from the outside world. Direct rule has taken away the need for local political responsibility. Some of the province's political leaders seem to have become comfortable with the status quo and have no real wish for change.

For its part the Irish Republic does not seem ready to contemplate any significant switch in policy. Earlier this year the Dublin government reaffirmed the Republic's constitutional claim to the six counties of Northern Ireland – despite the fact that there is an almost complete apathy in many parts of the country about developments in Northern Ireland.

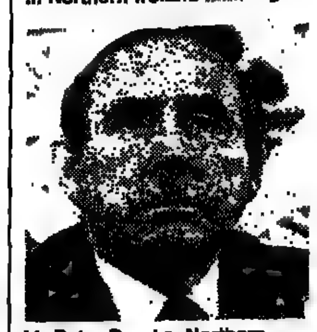
Mr Charles Haughey, the Irish Prime Minister, made what was deemed an historic visit to Belfast earlier this year to talk about the opportunities that the single European market offered to both Northern Ireland and the Republic. Mr Haughey said it made sense for north and south "to combine in facing the problems and opportunities" of the single European market. There was much talk about cross border co-operation.

Yet the level of trade between the two parts of the island remains very low – only £1.3bn last year – while cross border transport infrastructure continues to be woefully inadequate.

The government in Northern Ireland, private industry and others realise that whether the province likes it or not, things around them are changing.

Mr Tony Hopkins is head of the Industrial Development Board, responsible for attracting foreign and domestic investment in the province: "We can no longer talk of a domestic market or even a UK market. Now it is a European and world market. In the past, Northern Ireland might have been isolated. It can't afford to be any more."

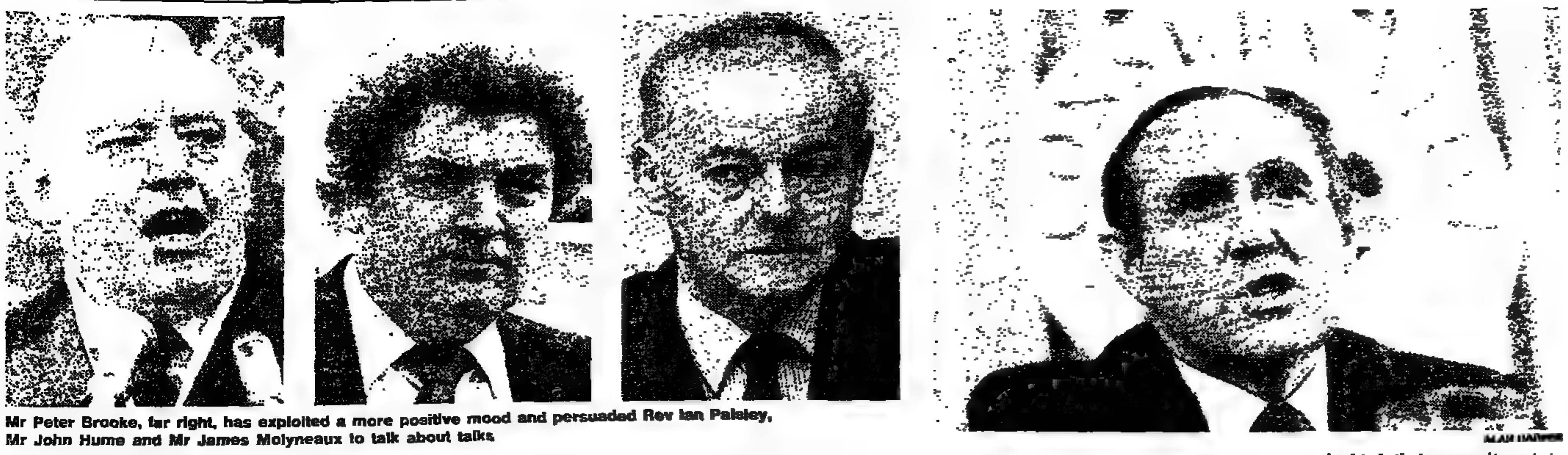
IN THIS SURVEY



Mr Peter Brooke, Northern Ireland secretary

Londonderry

Related surveys are listed on Page 4



Mr Peter Brooke, far right, has exploited a more positive mood and persuaded Rev Ian Paisley, Mr John Hume and Mr James Molyneaux to talk about talks

POLITICS Even slow progress is welcome, writes Ralph Atkins

Now Irish eyes are smiling

POLITICS IN Northern Ireland has begun to bustle again. Mr Peter Brooke, Northern Ireland secretary, has made speeches and said fine words. This summer has seen high-profile meetings between him, the Unionists, the nationalists and Dublin.

The best evidence of a change of mood is anecdotal; it tells of a greater spirit of co-operation and goodwill. All sides have been under pressure not to be the party that blocked progress, and in Northern Ireland terms that is something in itself, as well as a necessary foundation for further progress.

Mr Brooke's "initiative", started in January, has hardly been a grand master strategy. On the contrary, the Northern Ireland Office initially preferred to call it a challenge. His Bangor speech at the beginning of the year detected "enough common ground" between the province's political leaders to make talks about a better structure for local government in the province worthwhile.

He was making a carefully constructed appeal to all concerned to find a way of giving some of the powers now concentrated at the Northern Ireland office back to local politicians. The result, eventually, might lower tension between the two communities, the argument went.

Not many expected Mr Brooke to get such a positive response as he did. After six months of bilateral meetings, Mr Brooke found himself on the verge of being able to announce how soon round-table talks could start. Commentators reached for their history books.

The Northern Ireland Office believes the return to normal political dialogue is a significant achievement in itself. Crucial to the new atmosphere has been the subtle change of tone by the Unionists. For five years – since the signing of the Anglo-Irish Agreement – Unionist politics has been epitomised by the slogan "Ulster says No".

Unionists refused, with few exceptions, to meet government ministers, while every opportunity to complain about the influence the agreement gave Dublin in the internal affairs of the province, was exploited.

That vehemence has not disappeared, and it is backed by opinion poll results. But the tactics have changed – away from defiant, noisy protests. They are now concentrating on trying to negotiate the agreement out of existence. "Maybe we have become more mature," says one senior Official Unionist.

Mr Brooke, who sees his role as a "facilitator", has managed to exploit that change of mood to some extent. "In these talks he has said he is prepared to consider an alternative to the Anglo-Irish Agreement. That is music to our ears," says Mr Sammy Wilson, former Democratic Unionist Party Mayor of Belfast.

Talks with Mr Brooke have been led by Mr James Molyneaux and the Rev Ian Paisley, leaders of the Official Unionist Party and Democratic Unionist Party respectively.

The Unionists set three preconditions at the start: that an alternative to the 1985 Agreement should be considered; that conferences between British and Irish ministers held under pact should be suspended; and that the joint British/Irish secretariat near Belfast should also be put on hold.

The apparently insurmountable demands were gradually whittled away – almost certainly reflecting genuine movement by either one side, or more likely, by both the government and the Unionist parties.

Full details have remained secret, but it is clear Mr Brooke has managed to portray a gap in meetings of the Anglo-Irish Conference as a "suspension". The Northern Ireland Office and Dublin have made more explicit their willingness to consider alternatives to the 1985 Anglo-Irish Agreement.

Late on the night of May 22, Mr Molyneaux and Mr Paisley came out of a meeting at the London offices of the Northern Ireland Office and pronounced themselves "well satisfied" with the package Mr Brooke was offering.

The mainly Roman Catholic Social Democratic and Labour Party has from the start made plain its willingness to take part in talks. The Irish government, too, has been anxious that round-table negotiations should start.

It has not all been plain sailing. Mr Brooke has had to work with enormous precision to slot the various competing demands into place.

Dublin, for instance, recognised that it could not expect to be involved in discussions about the internal government of the province. But if a new Anglo-Irish Agreement was being negotiated, the Irish Republic would expect to be involved from the start.

Some people in the Irish Republic were suspicious about the Unionist conditions and doubted their commitment to devolution. Mr Molyneaux, for instance, is widely regarded as a closet integrationist favouring greater links with the mainland.

For their part, Unionists complained bitterly about Articles Two and Three of the Irish Constitution which lay claim to the territory of the north. Will they be included in talks, they ask? Many in Dublin, however, believed it was a red herring designed to increase pressure on the Irish government.

The local Tories, meanwhile, have failed to match local expectations. They were this year intended to offer a genuine alternative to traditional Northern Ireland politics, by giving a chance to vote for the UK governing party. But in May's by-election for the staunch Unionist territory of Upper Bann, they were humiliated in sixth position, behind Sinn Fein, the IRA's political wing. It a sober reminder, perhaps, of how little change there has really been in the province's politics.

As for Sinn Fein, there is speculation about the internal debate over its strategy of using both the ballot box and Armalite rifle. Some may like to believe that political progress destroys the terrorists' cause, but this could be wishful thinking.

At most, only a few Sinn Fein members question some of the IRA's tactics.

Against this background, Mr Brooke knows he has only begun to scale the foothills in his effort to find a political solution for Northern Ireland. He is still arranging how talks could take place. Even the agenda of such discussions has not been decided, let alone reached a point where the grievances that feed terrorism can be addressed.

The obstacles are large indeed. At its most basic there is a Unionist community that abhors the Anglo-Irish Agreement and is willing to sit down and discuss its possible replacement (the DUP and Official Unionists have drawn up their own alternative). They want an agreement that gives Dublin less say.

On the other side is the nationalist community, which identifies with Dublin, and which has seen that they have had more of a voice under the Anglo-Irish Agreement. They, too, are willing to talk about an alternative, so long as it gives up none of what has been won.

Mr Brooke's skills as a diplomat now face a severe test.In a speech to sixth-formers earlier this month in Ballymena, he urged a demonstration of political will by local politicians. He would set the pace, if necessary, he said.

His words were almost certainly a recognition that more vision and push may be required, rather than a sign of frustration.

SHORT BROTHERS and Harland and Wolff do more than just rub shoulders on the east shore of Belfast Lough. Together, the two companies have in recent years epitomised the shifting fortunes of Northern Ireland's industry. In the 1990s these two prime private employers could be tests of the region's capacity to change and survive in an increasingly competitive economic climate, write Jimmy Burns and Jim Flanagan

SHORT BROTHERS:

On the runway

The Gulf crisis is a mixed blessing for Short Brothers. While it has put a question mark over the 16 Tucanos ordered but not paid for by Kuwait, the company is no longer facing the uncertainties of the "peace dividend". The company is believed to have stepped up production of other defence products.

Short Brothers' annual report and accounts for the year to the end of March 1989 (the last published accounts), underlined the deep sense of impending crisis which the formerly state-owned company was operating under, before its sale in October last year to Montreal-based Bombardier.

Thanks largely to the £780m launch aid provided by the government in the form of grants, waived debt, and interest-free credit, the company was able to take flight under its new owners with its financial burden cleared.

The company now talks of making itself profitable "as soon as possible so that to insure its growth and a sound future for its employees and suppliers."

Details on performance will have to wait for publication in January of its 1990-91 accounts. However, senior management appears to have taken as an indicator of its revival the sales turnover figure of approximately £240m, of which £125m was in the form of exports from the UK in the year to January 1990. This compares with sales turnover figures of £187m in 1988.

The company's new strength comes from re-organisation of its main activities, the start of a £200m four-year investment programme in plant machinery and facilities, and a radical overhaul of working practices.

Its main contracts over the past year have included one for £250m with Canada Air to supply the central main fuselage and wind control surfaces for the Canadian group's RJ regional airliner.

A large share of Shorts aeronautical engineering skills continue to go into designing and manufacturing aerostructures. Major contracts renegotiated during the past year have included £75m-worth of contracts with Boeing for the supply of windflaps for the 757 aircraft and the under-carriage doors for the 747s, as well as the supply of jet engine nascelles to British Aerospace.

The expansion of its production line to supply wing sets for the Fokker 100 airliner, is the company says, particularly important to future turnover in its aerostructures division.

The investment programme has already led to a big revamp of plant machinery and facilities. Shorts has also replaced a highly centralised and remote management and collective bargaining structure.

Now there are five business units within which front-line managers and elected trade union representatives in works committees discuss pay and conditions. Management says that the new business units have made trade union leaders as well as management more accountable and have contributed to greater efficiency and speed in decision making.

The company's fair employment record continues to improve under government legislation and encouragement from Bombadier. Twelve per cent of its 8,000 workforce is Catholic, compared to 5 per cent in 1979, while more than 20 per cent of new recruits over the past year were Catholic.

HARLAND and WOLFF

Outlook: good

A recent announcement that this shipbuilder was forming two new property companies ended a remarkable year for a company synonymous with heavy engineering in Northern Ireland for more than a century.

Eighteen months ago the company's survival was in doubt. Spiralling losses, a shrinking order book and poor morale among the workforce threatened to sink more than 125 years of shipbuilding tradition in Belfast.

But a management-employee buy-out(MEBO) led by John Parker, the Harland chairman, precipitated the most radical re-organisation in the company's history and revived its fortunes.

Several subsidiary companies have been set up as independent operations in the Harland group. Executives have been scouring the world for orders and a new enterprise culture is blossoming.

When the government made it clear that a return to the private sector offered Harland its best chance for survival several options were examined.

The MEBO eventually emerged after Parker and his advisers had burnt the midnight oil with the province's economic development agencies.

Although the government wrote off substantial debts and recapitalised the company, Parker and his team had to raise £15m.

Mr Fred Olsen, the Norwegian shipowner, became a key figure in the privatisation, by investing £12m in the MEBO and placing orders for three Suezmex oil tankers with the yard. Mr Olsen has since placed orders for another two tankers, filling Harland's delivery capacity until 1993.

The company is recruiting workers for the first time in several years: about 300 are being taken on to help with steel work required for the Olsen order.

Another important factor in the MEBO success was the decision of nearly all 2,400 employees to buy shares in Harland.

The group's first unaudited results for the 39 weeks to March 31 this year show a profit of £500,000 after tax on a turnover of £68.7m.

The outlook is promising, with demand for tonnage on the world market growing and prospects for the world shipbuilding industry better than at any time in the last 15 years.

Industrial Development Board

A job of work to remedy unemployment

THE JOB of Mr Tony Hopkins, Chief Executive of Northern Ireland's Industrial Development Board (IDB), is not an easy one. The Board, set up in 1982, is responsible for attracting outside investment to Northern Ireland and encouraging growth at home in order to, in the words of one of various strategy documents, "maximise continuing employment opportunities . . . in industry and tradeable services."

As Mr Hopkins, a native of the province, says, the IDB "cannot avoid the fact that Northern Ireland's image is a problem. The violence does have an impact and we certainly don't brush aside the issue."

However, the IDB detects that attitudes are changing. "Investors are taking a far more calculating, methodical approach. There are still incidents but the level of violence is at a low level compared to many parts of the world," says Mr Hopkins.

Attracting investment has become increasingly easy, with the last two years by far the most successful in the IDB's history. "We have been able to attract companies on the back of other investments. Companies like Montupet from France, Daewoo from South Korea and Fruit of the Loom

"The message is getting back to Japan"

from the US come to Northern Ireland because they realise that others are succeeding here and that this is a competitive environment," says Mr Hopkins, who has been head of the IDB for two years.

Japanese investors were at first cautious about setting up in Northern Ireland, but now there is much more interest. "The message is getting back to Japan that there are opportunities here. Japanese companies, mainly involved in car components manufacture, now employ 2,500 people here. That might not sound much, but in Northern Ireland terms it makes an impact. It also means that further investment from

Mr Tony Hopkins, Chief Executive of IDB

Japan will be so much easier to achieve."

The IDB has been criticised for not creating enough jobs – and for making promises that have not materialised. Earlier this year a report by the Northern Ireland Economic Council concluded that of 23,000 jobs promoted in more than 300 companies assisted by the IDB in the 1982-88 period, only 10,000 jobs had been created.

The council said: "It could be argued that, given the fairly unique circumstances of the Northern Ireland economy over the period looked at, and in particular the difficulties presented by civil unrest, the performance of the IDB was quite creditable. In comparison with the continuing high levels of unemployment . . . on the other hand, the achievements of the IDB would appear to be negligible."

The IDB welcomes the report but does not agree with all its findings. "We welcome the way the debate about job creation has now opened up. We might not have achieved all we set out to do, but our job cannot be solely concerned with creating jobs. To do that, we have to increase the competitiveness of Northern Ireland firms," says Mr Hopkins.

The IDB admits that in the past there was a tendency to put too much emphasis on bringing in investors to create jobs, some of which were only short term. "Now we are placing far more emphasis on research, marketing and training so that companies can improve competitiveness and create long-term employment opportunities throughout the economy.

"The idea of the domestic market is disappearing. We cannot protect ourselves. We have to be seen to be competitive," says Mr Hopkins. The IDB, while not disclosing the exact levels of aid and support it is ready to give to investors, says that its incentive package equals those given by competing agencies in the Irish Republic, Scotland or Wales.

"We have that package basically because everyone else has one. But we don't see it as the main part of our armoury. Now investors are looking at different things. The Japanese and others look at our position within Europe. They look for skills availability, a flexible workforce and a good education system," says Mr Hopkins.

The young workforce is one of Northern Ireland's big pluses, says the IDB. "Companies looking to the future will see potential labour shortage problems in many other parts of Europe. In the coming years the 16-25 age group will shrink

"The idea of the domestic market is disappearing"

by 25 per cent in England and in Scotland by 28 per cent. In Northern Ireland it will drop by only 11 per cent," says Mr Hopkins. He admits that he is often under great pressure to place jobs in unemployment blackspots like West Belfast and parts of Londonderry.

"We have had some success and we obviously give greater priority to those areas. But we cannot direct companies as to where they should go or offer them lavish incentives for setting up in a particular area. In the end we have to attract people on the intrinsic merits of doing business here."

Kieran Cooke

ENERGY

Top of the agenda

THERE COULD be a surprise when proposals for privatising Northern Ireland's electricity industry are published shortly in a Government White Paper.

Contrary to speculation, it is by no means certain that Northern Ireland Electricity, the public utility, will be sold off as a single entity, in spite of being the smallest non-interconnected system in western Europe.

Northern Ireland has no natural gas alternative and ministers are known to be concerned at the prospect of creating a powerful private sector monopoly. Officials at the Department of Economic Development are thought to be considering several options, including selling off NIE in parts with separate generation and distribution companies.

Dr Roelof Schierbeek, chairman of NIE, is known to favour privatising it as a single unit, but the utility's public stance has always been that the sell-off must be in the best interests of the consumer.

The White Paper before Christmas will be followed by draft legislation early in the new year. It will then have to be passed by Parliament before NIE is privatised.

The plan is to offer shares for sale in the spring of 1992.

The privatisation discussions have taken place against a background of a more protracted debate about future power generation policy in Northern Ireland.

Few economic issues have been as vexed or as controversial in recent years. Energy policy is at the top of the economic agenda because the province still depends on expensive fuel imports for electricity generation.

The way ahead seemed straightforward last year. The Government had already announced the privatisation plan and said the immediate demand for electricity – now growing at 3.5 per cent a year – would be met by expanding coal and oil-fired plant at Northern Ireland's most modern power station, Kilroot, near Carrickfergus in Country Antrim.

Lignite, or cheap brown coal, the province's only indigenous fuel, could be exploited later.

Although two international consortiums are working on new plans for lignite power stations, the Government has not changed its view on the timing. NIE and trade union officials have pressed for an early start to Kilroot, but work has not proceeded, prompting speculation that other options are being considered.

The most significant alternative has been renewed interest in reassessing the viability of building an electricity inter-connector to Scotland. The Scots are anxious to achieve maximum return on investment, and detailed talks on supplying power to Northern Ireland are at a critical stage. An inter-connector would link Northern Ireland to the national grid and introduce an element of competition to a privatised industry.

Two of the province's older power stations are reaching the end of their useful life, so it is thought that both Kilroot and the inter-connector would be needed before the end of the decade. The key question would then be which comes first, although the situation may allow for both developments at the same time.

DED officials are also exploring the possibility of bringing gas to the province. The province's domestic gas industry was virtually closed down three years ago at a cost of £150m, but the Government is interested in bringing it in for use in a gas-fired power station.

The Irish Republic is committed to piping gas from mainland Britain within the next few years and officials in Belfast are discussing the implications with Dublin.

A tentative proposal involves a single pipeline to a location north of the Isle of Man with two other pipes then branching off to the Republic of Ireland and Northern Ireland.

Estimates about the timing of energy developments in Northern Ireland have proved notoriously inaccurate in recent years with official announcements tending to come later rather than sooner.

Civil servants cite the vast sums of money involved – £500m in the case of a new lignite power station – as justification for what others may see as undue delay. But the additional generating capacity needed by the mid-1990s means the time for talk is almost over.

The financial position of NIE is likely to attract investors. Over the past ten years the utility has moved from relying heavily on Government subsidies – £350m was paid between 1981 and 1985 – to modest profitability.

In the year to March 31, NIE reported a record profit of £64.1m. The surplus was up on last year and was achieved in spite of a sharp increase in heavy fuel oil prices and a weaker pound.

Jim Flanagan

NORTHERN IRELAND ELECTRICITY

1981	High oil prices send electricity prices soaring. Government introduces subsidy and GB price linkage: £350m paid between 1981 and 1985.
1987	NIE records profit for first time. £3.7m surplus and decision to review mainland British link.
1988	Profits rise to £11.6m. In July government announces Kilroot 2 to proceed and NIE to be privatised.
1989	Profit rises to £62.4m. Chairman Dr Schierbeek warns fuel prices are still key profitability.
1990	Tariff link with mainland Britain ends as NIE enters privatisation debate. Profits reach new record of £64.1m.

AGRICULTURE: Michael Drake reports

Farming figures

FALLING PRICES in the lamb and beef markets have brought an air of gloom in spite of the summer sun's bonus to cereal producers. Also, proposals by EC Agriculture Commissioner Ray McSharry to cut farm support measures by 30 per cent have worried many farmers.

Moreover, possible implications of the Houston pact and the ramifications of GATT have done nothing to help cheer them up.

The most recent farm census returns from the Department of Agriculture are revealing. In the main they show reductions in cropping and dairying, but an expansion in beef cattle, and sheep breeding.

For the first time in five years the number of cattle exceeds 1.5m – a 3 per cent increase on the previous year.

The sheep breeding flocks this summer were estimated to have numbered 1.1m ewes, a year-on-year growth of 6 per cent. While high, in each of the past two years growth was recorded at 11 per cent.

As for poultry, the province's commercial laying flock, now at 3.2m birds, is back to the size it was before the salmonella crisis. There were signs, too, of growth in the broiler sector, where 5.4m birds were recorded in June, compared with 5.2m the year before.

Farmers put 2 per cent less land overall – 65,400 hectares – under the plough this year. However there were indications of greater interest in some crops.

These were oil seed rape, up by 45 per cent; wheat, up by 17 per cent; oats, up by 6 per cent and winter barley up 3 per cent. Potato farmers increased their involvement a little, especially in the seed potato sector.

However, almost half the area under crop was sown with spring barley and this dropped by 9 per cent. In spite of the increases in oats, wheat and winter barley, this contributed to the third 4 per cent annual reduction in a row in the total area of cereals.

Two years ago Ulster farmers harvested 5,800 hectares of silage. This has dropped sharply by more than 2,500 hectares.

Horticultural crops have changed comparatively little and, at 3,400 hectares, are estimated to have fallen only 1 per cent since 1989.

The agricultural labour force has increased marginally to 59,300, largely because there are more casual or seasonal workers on the land.

According to the Department of Agriculture's statistical review, gross output on the province's farms rose by 3.5 per cent last year, a 4 per cent fall in volume being offset by an 8 per cent rise in the average return received by farmers.

Gross input is said to have fallen by 1 per cent with the volume of inputs used falling by over 5 per cent and their average unit cost rising by just under 5 per cent.

Total income from farming – which measures returns to farmers and all members of their families working on the farm – increased by 9 per cent to £200m. The province's share of UK farming income, at 9.3 per cent, is the second highest on record. Prices for most agricultural commodities rose last year with the average return to farmers rising by 8 per cent.

Because of higher prices, there was a 3.5 per cent increase in the value of gross output from £821m to £849m. At £453m, the value of gross input fell by 1 per cent, with a drop in volume of just over 5 per cent more than offsetting an increase of just over 5 per cent in average cost.

The main factor in the lower value of inputs was a fall of 57 per cent in imported store cattle. Expenditure on feeding stuffs, fertilisers and lime and machinery running costs all increased. Overall, agriculture experienced another good year, although some sectors fared better than others with marked increases in milk, pigmeat, eggs and potatoes.

The £400m a year beef and sheep processing industry, which employs 3,200 people, was given new guidelines in a report commissioned by the Industrial Development Board and the Livestock Marketing Commission. Companies were told by the Governmnent to ensure improvements in quality, and consistency of supply of raw materials continued to be prime objectives.

Significant facts about the less favoured farming areas (LFA) have been revealed by Sheila Magee, senior economist with the Department of Agriculture in an important review: 900,000 hectares – two-thirds of the total land area – lie within the LFA. Agriculture uses 67 per cent of the land with public forestry occupying a further 6 per cent. At the time of the 1981 census around 400,000 people lived in the LFA, where farming occupies more than 20 per cent of the economically active population.

EMPLOYMENT: the government's role outlined by Ralph Atkins

Discrimination outlawed

THE GOVERNMENT sees a role for interfering with the actions of individuals or organisations – in order to encourage good cross-community relations – in Northern Ireland. This year has seen the introduction of the Fair Employment Act 1989, which was intended to force companies to take positive steps to ensure a balance between Catholic and Protestant numbers in the workforce.

Discrimination and alienation run deep. Catholic males are two-and-a-half times more likely to be unemployed than Protestant counterparts. In the engineering *heartlands of East* Belfast the kerbstones are painted red, white and blue. Elsewhere in Belfast a "peace line" separates nationalists from Protestants. Children from the two communities are mostly educated in separate schools.

Examples of distrust are not hard to find at the advice centre run in the offices of Mr John Hume, Social Democratic and Labour Party MP for Londonderry, on the most westerly border of the UK.

"The ordinary young person from the Bogside [the Catholic dominated part of Derry, and site of riots at the start of the Troubles] would feel discriminated against by the mere presence of the police force," says Mr Pat Ramsey, a former SDLP councillor. "They can't walk from their own homes to the *shops without feeling intimidated.*"

At the Northern Ireland Office, Mr Brian Mawhinney, the minister responsible for community relations, believes there is a positive role for the government to play in trying to break down barriers across the province.

Arguably the most forceful action taken by the government has been the the Fair Employment Act. Since it came into effect in January, companies employing 25 people or more have had to monitor the religious composition of their workforces and submit the results to the new Fair Employment Commission (FEC). The Act outlawed "indirect discrimination" by employers. That covered employment practices, such as filling vacancies by word of *mouth*, which unintentionally create imbalances in the workforce compared with the local population.

The act introduced powers, backed by threats of fines or exclusion from government contracts, to make companies *take* "*affirmative action*" to correct imbalances. That could include targeting job advertisments at under-represented groups or deliberately locating training schemes in particular areas of the province.

Initial results suggest the Act's impact could be far-reaching. Mr Bob Cooper, FEC chairman, says only about a dozen companies have failed to supply monitoring returns. That paucity of "martyrs" suggests there is at least a willing*ness by companies to face up* to the problem. It is already standard practice, for example, for companies to advertise externally and widely for most vacancies.

What the Fair Employment Act also demonstrates is how careful the government has to be to avoid disturbing the goodwill that exists. The Act, although generally welcomed by all sides, is thought by some Unionists to be too bureaucratic and too big a burden on business. The mainly Roman Catholic SDLP believes it does not go far enough in tackling unemployment.

In other areas, the government has deliberately sought to dissipate alienation by voluntary means. Mr Mawhinney, who has a £4m budget for community relations, argues that his role is that of a facilitator. "There are still some in Northern Ireland who are suspicious, and there are those who are outright resistant," he says.

Projects sponsored by the Northern Ireland Office include the "cross community contact scheme" whereby schools and youth clubs can apply for funds for ideas bringing together young people from the two communities. This could include visits, musical or sporting activities.

The dismantling of barriers has begun to spread into education. The core curriculum for 5-16-year-olds must now include "education for mutual understanding" and aspects of cultural heritage. There is also a common history course.

Undoubtedly, more could be done. In June, the Standing Advisory Commission on Human Rights (SACHR) – set up in 1973 to advise the government on offsetting discrimination – recommended *extending existing discrimination* laws to outlaw "indirect discrimination" in other areas besides employment practices.

SACHR also proposed extending the powers of the Northern Ireland Parliamentary Commissioner for Administration, or Ombudsman, to allow him to consider actions which were "unreasonable, unjust, oppressive or improperly discriminatory."

LONDONDERRY: The city is reviving, reports Kieran Cooke

New life for an ancient city

AS MR DAVID Davis, Mayor of Londonderry, sits in his mahogany lined office in the Guildhall, the sun shines through handsome stained glass windows depicting the city's turbulent history.

"Things are different here now," says Mr Davis. "It's just not propaganda when we talk about a new mood of confidence in the city.

"A definite change has taken place. It's a city to be proud of again."

Only very recently, however, Londonderry has the dubious distinction of being the starting point for the outbreak of the Troubles in the late 1960s. The army was first called in to Northern Ireland in August 1969 to deal with serious rioting in the city. Areas like the Creggan and Bogside estates became known as no-go, violent areas.

The security forces are still there. But serious violence is the exception rather than the rule now. There have been fewer incidents this year than in any equivalent period over the past two decades.

"The change has not happened overnight," says Mr Davis. "People have been slowly coming together to change things. Buildings inside the city walls have been done up. Bombed out shops have re-opened. Protestant and Catholic bishops have been involved, so have US fund raising groups. Perhaps most important of all, the government has taken notice of the city's special problems."

For many years people in Londonderry felt neglected by the politicians and planners who, it often seemed, could see no further than the outskirts of Belfast.

Late last year Mr Richard Needham, Northern Ireland's Economy Minister, announced a £65m investment package for Londonderry that included a 260,000 sq ft retail complex in the city centre. It is hoped that the scheme will create 1,400 jobs.

The complex is being developed by a company from Boston in the US, and other schemes are planned following the establishment of special links between the two cities.

Fruit of the Loom is another US company that has announced its intention to move into Londonderry, joining others such as Dupont and Desmonds clothing manufacturers. Fruit of the Loom is building, with government assistance, a £60m spinning mill which it is hoped will create 500 jobs.

Other schemes are the development of Londonderry's port facilities and, more ambitiously, plans to achieve greater cross-border links with the city's former natural hinterland of Donegal in the Republic. Eglinton airport outside the city is also being developed.

Many problems remain. Londonderry, with 25 per cent unemployment (60 - 70 per cent in *some areas*) has one of the highest rates in the EC. While the city is generally peaceful, the population has become more divided with Catholics on one side of the River Foyle in the old city and surrounding areas, the Protestants having moved across the river.

But tourists have been returning to this most ancient and beautiful city. Now there is even talk of landscaping the army posts round the the city walls.

TOURISM

Natural assets, not bombs and bullets

THE AMERICAN Society of Travel Agents (ASTA), regarded as the most powerful tourist organisation in the world, is now telling customers that Northern Ireland has many good things to offer rather than bombs and bullets.

Tourism was virtually wiped out in the 1970s, when the campaign of civil disorder peaked. Since then, the industry's leaders have worked tirelessly to restore confidence and tackle the negative image abroad.

Co-ordinated private and public sector leisure projects in provincial towns, improved accommodation, better air links and a new approach to tourism development have revived a sector employing *around 9,000 people.*

For the first time in 21 years the industry last year surpassed the one million tourist mark - hardly cause for large-scale celebration but at least an indication that the trend is upwards.

The European Commission is supporting the development of tourist attractions unique to the province with an injection of £32m over the next three years.

The bulk of the money will go to public bodies and the private sector is being encouraged to invest in tourism in areas where Northern Ireland can be seen to have a natural advantage, such as activity holidays

A new financial package started this year

such as angling, golf, riding and field sports.

Of the 2 million-plus holidays taken by Northern Irish people in 1989, 980,000 - or 48 per cent - were spent on home ground compared to 25 per cent in the Republic of Ireland, 17 per cent in mainland Britain *and only 10 per cent abroad.*

The squeeze on interest rates undoubtedly played its part in stemming travel abroad, but it was also increasingly attractive holidays on home soil that encouraged people to stay in the province. By holidaying at home, they contributed £70m to the industry compared to just £31m in 1988.

The tourist industry is working hard to achieve stiff Government targets set a year ago. Over the next four years the *aim is to boost the number of* tourists to 1.7 million a year and increase the contribution tourism makes to GDP which, on average, remains lower than the rest of the UK.

A new financial package for tourism started this year aiming to provide the type of facilities tourists require in places where they are needed.

Various international events around the province should ensure a bumper year for tour-

The Belfast to Liverpool ferry is closing

ism next year. Belfast is a stop over port for the famous Tall Ships Race, and local industry has been queueing up to sponsor the event; a festival of Japan is planned and the world's top rose breeders will be in the province for an international rose convention.

In spite of general optimism, however, Northern Ireland will suffer a blow next month when the only sea link with England disappears. The Belfast to Liverpool ferry, which has brought thousands of tourists to the province over the years, is closing because of substantial financial losses on the route.

The vessel used on the route has too much passenger accommodation and not enough freight facilities.

Exhaustive endeavours to try to get an alternative service continue, but the loss of the ferry underlines the transportation problems associated with being on the fringe of Europe.

Jim Flanagan

RETAIL AND PROPERTY

Renewed confidence

A MONDAY lunchtime in September, and outside Belfast City Hall, the Rev Ian Paisley is giving a sermon. Only a handful of loyal supporters gather around him.

By contrast the nearby pedestrian streets which criss-cross the City centre are crowded with shoppers congregated around familiar bastions of British retailing. Towering above the futuristic Castle Court shopping complex, one billboard motto sets out to *summarise* a way of life: "The Reflection of You", it says.

The retail and property market in recent years has become a measure of confidence in Northern Ireland. The Department of the Environment commissioned a report earlier this year from London consultants Investment Property Databank: it found that over the period 1980-1989, retail investments in Northern Ireland showed an annualised total return of 16.9 per cent per annum, outper*forming the average total* return for UK retails by 2.2 percentage points.

Over the same period, the annualised return from property in Northern Ireland averaged 17.3 per cent per annum compared with a UK average of 13.9 per cent per annum.

Last year saw property returns in Northern Ireland at the highest point. Over the past decade, office investments in Northern Ireland have shown a total return of 15.9 per cent per annum *against the* national average of 13.9 per cent. Belfast offices have achieved an average total return of 15.8 per cent per annum, outperforming all the other regional centres.

The rise in Belfast retails over the last decade was fuelled by a rapid increase in demand for a limited stock of high quality retail space. This demand reflected in part the general upturn in the UK economy and more interest from big mainland UK retailers who had formerly avoided the city.

Last year saw property returns at the highest point

The city's catchment area also shows that a higher than average percentage of the shopping population is employed in managerial and professional occupations and so has higher than average incomes.

Development has been focused in and around the City centre, with *Castle Court* emerging as the most poignant image of economic regeneration. However, investment activity has been breaking new ground as the size and mobility of the local population grows.

The £30m Yorkgate shopping and leisure complex is being developed jointly by Ewart and the Co-operative store chain on the site of a disused tobacco factory; it is next to one of Belfast's poverty-stricken inner-city 'interfaces' which *separate the Catholic* and Protestant communities. The area is run-down terraced houses painted with political graffiti.

Mr John McIlroy, Ewart's chief executive, publicly plays down any suggestion that the Yorkgate development responds to political calculation and that the government is using it to counter religiously-based political divisions.

Yorkgate has been conceived, according to Mr McIlroy, because the people of Northern Ireland have a higher capacity to spend than on the mainland.

Mr Eric Cairns, Chief Executive Northern Ireland and Scotland for Halifax Property Services, believes that Northern Ireland, and in particular Belfast, will remain a "very big player" in the property and retail market place over the medium term. He emphasises the growing tendency of the government and some private companies to relocate their workforces in the area.

Nevertheless, although rents have been rising in Belfast city centre, demand has slumped *somewhat as has been shown* by the lower level of premiums paid for shop leases in 1989 compared to the inflation prices of 1988.

Reduced consumer spending has resulted from high interest rates, and a substantial increase in the amount of retail floor space as a result of the recent opening of two big shopping schemes.

Some Belfast estate agents fear that the city is not only in danger of having too many *shops but may also be facing* an office glut.

Jimmy Burns

LONDON STOCK EXCHANGE

Active trades by some fund managers

TRADING in Footsie Index options and futures exaggerated a bullish turn in UK equities yesterday, but early gains were trimmed before the close by reactions on Wall Street to new suggestions of difficulties in the US banking industry. An erratic session in London was also featured by window-dressing operations by institutions seeking to put portfolios in their best light for third-quarter meetings with fund trustees.

This morning brings the expiry of the Footsie option and the September futures contract and traders were busy early yesterday arbitraging between the futures and the underlying equities. Selling of the FT-SE future contract was linked to buying of baskets of Footsie stocks. Both the future and the Footsie Index were around 30 points up at best, but they moved downwards almost in unison when Wall Street replaced an early gain of 18 Dow points with a loss of 25 in London trading hours.

Account Dealing Dates		
*First Dealings:		
Sep 10	Sep 24	Oct 8
Option Declarations:		
Sep 20	Oct 4	Oct 18
Last Dealings:		
Sep 21	Oct 5	Oct 19
Account Day:		
Oct 1	Oct 15	Oct 29

*New-time dealings may take place from 8.30 am two business days earlier.

By the close, the gain on the FT-SE Index had been cut to 9.1 for a final quotation of 2,009.1; it stood at 2,007.3 at 4.10pm yesterday, when the September futures contract closed officially at 2,005.3.

The session opened well, with London traders cheered both by the decision to release some on US oil reserves and by the speech in Washington by Mr John Major, the UK chancellor of the exchequer, which was regarded as encouraging hopes for early British entry into the European exchange rate mechanism.

A somewhat brighter trend in corporate results also helped the market, especially in the building and construction sector where Redland, the building materials group, increased its interim dividend payment. However, traders were agreed that the mid-session gain of 30 points on the Footsie, although also stimulated by hopes of a firm opening on Wall Street, owed too much to futures-related trading.

The mood turned down abruptly when Wall Street fell and hints circulated in London that a US West Coast bank might be in trouble. Concern over the US banking scene was fuelled yesterday by confirmation that Chase Manhattan, one of the most prominent losers in Britain's post-Big Bang market, is rationalising its European foreign exchange and money market operations.

The market faces potentially unsettling factors over the next few days, including the close of securities trading for the third quarter of the year. In addition, Monday is Account day when traders must pay for transactions made during the previous difficult trading account featured by the problems of Polly Peck, whose shares remained suspended last night. In addition, there is continuing uncertainty in the equity market over UK inflation levels and corporate results.

Racal under pressure

ONE OF the largest single equity trades was a 7m line of Racal Electronics. The stock came under pressure throughout the session and ended the day 1¼ easier at 139p. By the close some 14m shares had changed hands. Specialists said that UBS Phillips & Drew had executed the deal in Racal, the biggest individual trade in the stock for many months, but UBS declined to comment.

It was suggested by traders that the 7m-share block could have come from the US, where institutions and private investors have been aggressive sellers of Racal Electronics and its subsidiary Racal Telecoms for many months.

The last disclosed US holding in Racal Electronics amounted to some 17.5 per cent, or 227m shares, down from the 330m held in December last year. American investors have also lowered their holdings of Racal Telecom, down from the 14 per cent held in July to some 12.9 per cent.

Many analysts believe Racal Electronics' non-cellular businesses will show a loss for the half year which ends next month. This has triggered the poor performance of the shares which, relative to the market, have fallen 6 per cent over the past month, 18 per cent over the last three months and 24 per cent over the past year. Racal Telecom ended a shade harder at 238p on negligible business.

Brent Walker fall

The complexity of results and refinancing from Brent Walker gave analysts a particularly busy day. The market, however, had no hesitation in marking the shares lower. Sentiment was further undermined when Grand Metropolitan issued a writ claiming it was owed £50m by Brent Walker.

The interim profits rise of 53 per cent to almost £46m was above expectations and was described by one analyst as admirable. But the issue of £100m to £120m of a 13 per cent convertible capital bond due in 2005 triggered a more wary response.

"It is a novel way of doing things," said one analyst. Others argued that the ultimate effect of the issue would be "highly earnings dilutive" because of the near doubling of the number of shares in issue on conversion. They said, however, that the recent sharp changes in the share price meant Brent Walker was not being priced on its earnings per share. The market was more worried by uncertainty over how to evaluate the issue and Brent Walker ended 17 down at the day's low of 127p.

BET under pressure

BET, the conglomerate, fell sharply as more brokers downgraded the company. UBS Phillips & Drew cut its current year profits figure by £15m to £335m. Its short-term recommendation is to lighten holdings and, over the longer term, investors should hold rather than buy the stock.

UBS said the balance sheet was under pressure. Net debt could rise to £600m because of a need for increased working capital. If that happened, gearing would be 100 per cent, excluding disposals. Interest cover would fall to four times.

The advice followed a cautious comment from Hoare Govett and Goldman Sachs in New York. Goldman cut its current year forecast below UBS's, citing rising interest charges and slowing growth in the US and UK. But it kept a cautiously positive stance in the long term. BET lost 14 to 198p in good turnover of 5.4m.

High yielders

James Capel has circulated a list of leading Alpha stocks yielding 10 per cent or more, and some professional operators assumed that the broking house was about to issue buy recommendations. Trafalgar House was bought partly for this reason and its shares recovered 4 further to 193p.

However, there was some uncertainty over the Capel viewpoint. The broking house believes that Trafalgar will maintain the final dividend payment, due in December, but other analysts are less certain. Some felt that Capel may be warning of doubts about the dividend payments of the listed companies.

Buying by one UK securities house was said to have been behind good early performances from Glaxo and ICI. The shares rose 17 and 14 respectively at their best before US selling in the session wiped out the gains. Glaxo ended at 748p, just 3 better on balance, while ICI finished a penny easier at 830p. Turnover was steady.

Carlton Communications had a good day on suggestions that it was to hold a roadshow for investors. The shares peaked at 332p before closing a net 12 better at 323p.

One of the wild rumours that helped depress Standard Chartered shares on Wednesday was killed off when Mr Tan Sri Khoo Puat, one of the "white squires" that prevented Lloyds Bank taking control of Standard Chartered in the mid-1980's, announced he had raised his stake in the bank.

On Wednesday there were suggestions in the market that Mr Puat was a forced seller of his stake in Standard. Yesterday Mr Puat said his shareholding had been increased to 5.48 per cent, or 12.225m shares, following the purchase on Wednesday of 600,000 Standard shares.

At the close Standard Chartered shares were 10 up at 269p, having been as high as 278p earlier in the session. Overall turnover reached 4m, well up on usual levels.

Hints of an imminent and sizeable asset sale was said to have been behind the improvement in Prudential, finally 1½ ahead at 198p.

Hickson International, the chemical company, staged a notable technical bounce and closed 15 up at 120p. Smith New Court is one of the few investment banks currently positive on the stock. The majority of analysts have it on hold. Smith said yesterday that Hickson had dropped some 30 per cent since reporting interim figures late last month. The market was oversold and the appearance of cheap buyers instigated the rally. Smith expects annual profits of £34m, the median of the market range.

A good performance by companies reporting figures in the building and construction industry gave the sector a much needed boost. Half-year results at Redland included an increased interim dividend and a pre-tax profit slightly above expectations. A sharp reduction in UK operating profits was more than offset by an increase from overseas subsidiaries, notably in West Germany. Redland finished 10 higher at 501p.

Beazer ended just a penny lower at 89p after reporting an unchanged dividend for the full year and profits in line with expectations. Countryside Properties finished 17 higher at 79p after a decision by the company to acquire 50,000 shares at 63p for cancellation. This will leave just under 36m ordinary shares in circulation.

A downgrading in current year profits in British Steel to £550m from £580m and a £500m projection for next year from £650m saw the price close 2¼ lower at 116p. A reduction in UK demand is not expected to be offset by a rise in export volume, but Hoare Govett still sees the stock as a hold, based on its current yield of just over 9 per cent. The warning of losses incurred by its despatch division issued by the Securiguard board triggered a collapse in the Securiguard share price which plummeted from 160p to 73p, before closing a net 85 down at 75p. One analyst said the news had come as an enormous shock to close followers of the shares: "The board has lost credibility and it will take at least a couple of years for the shares to recover from this." But he also said that the group could survive the problems caused by the loss-making despatch businesses; "Gearing is containable and interest cover is at a market average of 3.5 times."

Other security-related groups suffered along with Securiguard. Securicor ordinary shares dropped 17 to 678p, the "A" shares 61 to 460p and Security Services 45 to 365p.

Sintrom shares exactly halved to 24p after the slump in interim pre-tax profits and the warning that trading conditions are expected to decline further.

Property shares were mostly firmer, and there was no reaction to late reports that six Swedish finance companies, known to have real estate investments in London, had been suspended. This gave rise to suggestions that there may be some difficulty in meeting credit payments, and any asset liquidation would hurt an already fragile UK property sector. Clayform produced figures which highlighted this fragility, reporting an interim pre-tax loss of £9.9m from an £8m profit previously. The reversal partly reflected a rise in interest payments from £400,000 to £8.7m, and the price fell 22 to 94p.

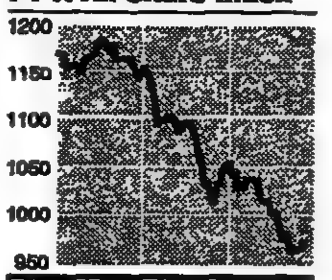
On the other hand, British Land continued to improve, helped along by an "inexpensive" assessment by Panmure Gordon. The price closed at 240p, a rise of 5.

Reed International fell 11 to 340p as BZW, among others, cut its profits forecast after meeting the company. BZW said Reed would make £280m this year instead of its previous estimate of £295m. "The advertising market is still weak and the worst is yet to come," said BZW. Awareness of troubles in newspaper advertising was heightened by results from United Newspapers, a penny off at 293p. Interim profit was 9 per cent higher at £39.2m.

MAI, the financial services and information group, benefited from Laing & Cruickshank advice that in spite of dollar exposure and poor securities broking markets, it expected earnings per share growth of 7.5 per cent in the current year. "The recent marked underperformance of the stock appears overdone," said Laing, as the shares rose 5 to 100p.

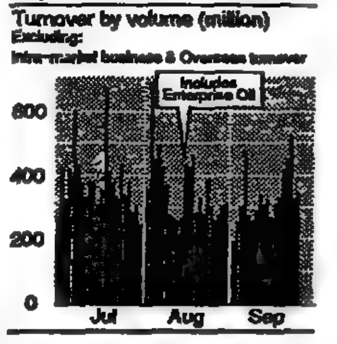
■ Other Market statistics, including the FT-Actuaries share index, Page 27

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (4).
BRITISH FUNDS (1) TRANSPORT (1) OILS (1) MINES (1).
NEW LOWS (291).
AMERICANS (12) CANADIANS (16) BANKS (18) BREWERS (1) BUILDINGS (13) CHEMICALS (6) STORES (5) ELECTRICALS (21) ENGINEERING (13) FOODS (4) HOTELS (3) INDUSTRIALS (55) Abbeycrest, Alfa-Laval B, Amer A, Avon Rubber, BET, Barry Wehmiller, Bluebird Toys, Bridon, Brit. Bloodstock, Crean (J.), Community Hospitals, Dover Corp., Elbief, Ensor, Erskine House, Esselte, Expamet Intl., Fogas, Granada, Harding, Havelock Europa, Hewetal Whiting. Huntingdon Intl., Johnson Cleaners, Linton Park, Low & Bonar, Magnolia, McLeod Russel, NMC, Nestor-BNA, Norfolk House, Powell Duffryn, Securicor, Do. A N/V, Securigard, Security Services, Siebe, Steatchley, Stag Furniture, Stainless Metalcraft, Sthn. Business, Stocklake, Swire Pacific, Sytsone, T & N, TT, Titon, Tollgate, Vinten, WSP, Waterford Wedgwood, Westerly, Whitecroft, Whitegate Leis. warrants, Wilkes (J.), INSURANCE (2) LEISURE (2) MOTORS (2) NEWSPAPERS (4) PAPERS (9) PROPERTY (18) SHOES (1) TEXTILES (6) TRANSPORT (3) TRUSTS (73) OILS (6) OVERSEAS TRADERS (1) PLANTATIONS (1) MINES (2) THIRD MARKET (8).

FINANCIAL TIMES STOCK INDICES

	Sept 27	Sept 26	Sept 25	Sept 24	Sept 21	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	77.98	78.13	78.38	78.45	78.58	84.61	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.87	86.95	86.67	86.63	86.62	95.86	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1548.1	1532.6	1526.5	1510.4	1537.3	1876.2	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	198.1	197.5	195.9	194.6	188.1	215.2	378.5 (8/2)	187.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2009.1	2000.0	1999.2	1990.3	2026.5	2291.7	2463.7 (3/1)	1990.3 (24/9)	2463.7 (3/1/90)	986.9 (23/7/84)

	Sept 27	Sept 26	Sept 25	Sept 24	Sept 21	Year Ago
Ord. Div. Yield	6.15	6.20	6.22	6.29	6.17	4.34
Earning Yld %(full)	12.89	13.00	13.04	13.19	12.94	10.40
P/E Ratio(Net)(☆)	9.40	9.32	9.29	9.19	9.37	11.89
SEAQ Bargns 4.45pm	18,129	16,854	19,022	20,024	25,895	23,332
Equity Turnover(£m)†	-	673.15	645.70	808.16	834.90	758.18
Equity Bargains†	-	16,209	18,449	21,392	24,955	22,601
Shares Traded (ml)†	-	335.9	325.8	516.6	451.8	323.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.26

Ordinary Share Index, Hourly changes Day's High 1552.6 Day's Low 1533.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1533.1	1539.5	1549.8	1557.3	1560.0	1557.8	2558.3	1559.7	1559.9

FT-SE, Hourly changes Day's High 2030.7 Day's Low 1998.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1998.6	2003.6	2013.4	2023.4	2026.8	2023.9	2025.4	2026.3	2018.4

GILT EDGED ACTIVITY

Indices*	Sept 26	Sept 25
Gilt Edged Bargains	86.5	86.6
5-Day average	83.1	84.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Traders focus on futures expiry today

By Peter John and Deborah Hargreaves

ATTENTION IN the stock market will be on the FT-SE 100 index this morning as futures and options contracts expire. The last expiry period in June was heralded with sharp stock price volatility and claims of market manipulation and price rigging.

Brokerage houses have sought to keep share and futures prices in line this week, and arbitrage between the two markets has kept FT-SE stocks relatively steady in a generally uncertain equity market. Dealers are confident that today's expiry will pass off more smoothly than in June.

They believe the climate will be more affected by the change in sentiment in the market than by the tighter trading rules and conditions introduced by the International Stock Exchange (ISE) after June's expiry problems.

Mr David Bromley from S.G. Warburg said: "There are unlikely to be big positions built up because sometimes the future has been cheap and sometimes expensive. I don't think there is going to be any big unwinding."

In June several securities houses had accumulated large positions in futures and the value of open positions in the contract had risen to almost £900m before expiry. Open interest in the September contract is not as large and by yesterday had reached £448m.

New rules introduced by the stock exchange require dealers with positions larger than 500 contracts in the FT-SE 100 futures to declare them. Compliance officers and senior dealing staff must be present, accompanied in many cases by ISE supervisors.

In the long run, the two markets may extend the period for calculating the FT-SE index value from 10 to 20 minutes.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

APPOINTMENTS

Managing director of Tyndall Holdings

TYNDALL HOLDINGS has appointed Mr Kevin Kenny *(pictured)* as managing director, and chairman of the banking subsidiaries Tyndall & Co, and Tyndall Bank International. He was managing director, investment division, and is a director of several investment trusts. Mr David Potter becomes non-executive vice chairman, Tyndall Holdings. He was managing director, corporate banking at Midland Montagu, and is a non-executive director of the Thomas Cook Group, and City of London Heliport.

■ Mr Frank Farncombe has joined NEWMAN, BIRTS & PARTNERS, financial advisers, as a senior executive. He was with the Law Society's insurance advisory service, operated by LIB (London Insurance Brokers), as director of the financial services company.

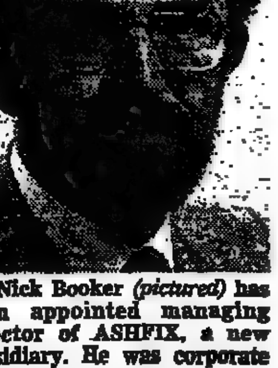
■ LIFETIME, a life assurance company launched in July in the UK by the Bank of Ireland, has appointed Ms Cherry Miller as compliance manager. She joins from Lautro where she was membership secretary.

■ ASTEC(BSR) subsidiary Astec Europe has appointed Mr Richard A. Allen as director and general manager European power supplies.

■ BETTERWEAR CONSUMER PRODUCTS has appointed Mr Terry Hockley as group finance director. He was group finance director of Gripperrods International.

■ T&N has appointed Dr Michael J. Sleeman as a director of TBA Belting, Wigan. He also becomes general manager of the conveyor belting division. Dr Sleeman joins the group from West Pharmaplastics, where he was operations director.

■ Mr Michael Grainger has joined the board of BRIDGE INSURANCE BROKERS (MANCHESTER). He retired as regional managing director with Jardine Insurance Brokers, Manchester, in 1988.



Mr Nick Booker *(pictured)* has been appointed managing director of ASHFIX, a new subsidiary. He was corporate development manager of parent company Ash & Lacy. Ashfix will sell fasteners and accessories to the roofing and cladding market.

■ Mr Nicholas Hai has been appointed joint managing director of the ARROWCROFT GROUP. He was development director.

■ Mr Mark Barton has been appointed senior underwriter and a director of LIVERPOOL & LONDON P. & I. MANAGEMENT from October 1. He is senior underwriter and a director of Parr Agencies. Mr Peter Headland becomes underwriter of Parr Agencies from the same date.

■ NATIONAL HOME LOANS CORPORATION, residential mortgage division of National Home Loans Group, has appointed Mr John Heron as a divisional director responsible for mortgage marketing.

■ Mr David Money-Coutts, chairman of Coutts & Co, has been appointed chairman of M&G GROUP. He has been on the M&G board since 1987, and succeeds Mr Andrew Caldecott who died in a fishing accident last July.

Massey-Ferguson finance venture

■ MASSEY-FERGUSON FINANCE, a joint venture between Massey-Ferguson (United Kingdom) and De Lage Landen Financial Services, a subsidiary of the Dutch Rabobank group, has appointed the following to the board: Mr David Franklin, M-F (UK) managing director, (chairman); Mr Phil Green *(pictured)* who was general manager, corporate planning, Barclays Mercantile Highland Finance, (managing director); Mr Henk Sterk, director, De Lage Landen; Mr Phillip Black, managing director, De Lage Landen Financial Services; and Mr Paul Williams, financial director, M-S (UK).

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9½	ABN Amro Fl5	£9¾	–¼	Q28%	2.1	8.6	5.4
303	176	ANZ SA1	179	+3	44c	1.4	10.5	6.7
229	172	Abbey National 10p	198½	–1½	5.7	4.3	3.8	8.1
*274	137	Allied Irish Ord	138	–1	Q40%	3.3	6.5	6.3
85	48	Anglo Irish	50	+2	†Q18.7%	2.7	8.4	7.2
93	61	Ansbacher (H.) 1p	61		2.5	1.3	5.5	17.6
£71¾	£32½	Bancaire Cie Fr100	£35¼	+1½	Q124%	–	3.7	–
£22¼	£13¾	Banco Bilbao Vz	£14		Q49.1%	2.7	5.7	9.6
286	139	Bank Ireland IrΣ1	142	+2	Q14.7%	2.9	9.3	5.0
£19½	£18	Bank Leumi	£19½		–	–	–	–
351	320	Bank Leumi (U.K.)	350		†15.0	–	5.7	–
125	100	Bank Scotland	103½	+2½	4.55	3.3	5.9	6.9
100¼	83¼	Do 9¼pc Irrd Pf	95½		9¼%	–	12.9	–
54	39	Bank of Wales	42		2.8	0.8	8.9	(20.2)
428	290	Barclays £1	311	+5	†h19.57	3.5	8.4	4.3
22	11	Benchmark 20p	11		0.75	◆	9.1	◆
335	240	Brown Shipley £1	240		12.0	2.3	6.7	7.8
*435	290	Cater Allen £1	291		N24.5	–	11.2	–
179	50	Chancery	50	–4	9.0	2.7	24.0	2.0
£23¼	£15½	Commerzbk DM10	£15½	–⅛	Q18%	–	4.1	–
£13¼	620	Dai Ichi KBk Y50	627	+7	Q17%	◆	0.5	◆
£313½	£198¼	Deutsche Bk DM50	£204¼	+6½	Q28%	–	2.3	–
£20⅞	£14⅝	Espirito Santo	£14⅝	–¼	Q75c	5.1	2.7	7.1
253	168	First Nat. Fin. 10p	168	–2	13.0	2.1	10.3	5.8
121	82	FNFC 6.3pc Cv. Pf	82	–4	6.3%	–	10.2	–
£13⅛	717	Fuji Bank Y50	717		Q17%	◆	0.4	◆
325	262	Gerrard & National	272		19.0	–	9.3	–
154	107	Guinness Mahon 10p	107	–1	2.1	–	2.6	–
328	194	Hambros 20p	204	–1	11.5	–	7.5	–
128	89	Do 7.5pc Cv Pf	89		7½%	–	11.2	–
531½	32½	HK & Shang. HK$2.50	33	+½	†hQ38c	–	7.7	–
478	393	Joseph (Leo) £1	393		15.85	–	5.4	–
150	105	King & Shaxson 20p	105	–1	10.25	–	13.0	–
422	262	Kleinwort Benson Grp	277	+4	16.0	2.5	7.7	6.6
642	323	Kyowa Bank Y50	323	–5	Q14%	◆	0.9	◆
316	222	Lloyds £1	244		†13.3	2.6	7.3	5.7
56	44	Lon. Scot. Bank 10p	46		12.4	1.9	7.0	9.1
404	192	Midland £1	199	–1	†18.0	2.6	12.1	4.1
[illegible]	£10⅝	Mitsubishi Bank Y50	£10⅝		Q17%	◆	0.3	◆
£12⅞	£4⅞	Mitsubishi Tr & Bk Y50	£4⅞	–⅛	Q17%	12.4	0.7	11.3
£10⅝	£4⅝	Mitsui Taiyo Kobe Y50	£4⅝	–⅛	†Q16%	6.0	0.6	27.1
904	416	Mitsui Tst & Bk Y50	416	–13	Q17%	◆	0.8	◆
326	251	Nat. Aust. Bk. A$1	257	+6	sQ50c	1.6	8.3	7.4
368	227	NatWest £1	234	+4	†16.7	3.3	9.5	4.3
£210	£120	Ottoman Bank	£135	+15	Q110%	2.8	8.1	4.4
55	30	Rea Bros. Group	38	–1	0.5	3.2	2.2	15.0
227	119	Royal Bk. Scotland	127	+2	†7.2	3.8	7.6	4.5
795	368	Saitama Bank Y50	391	–1	Q14%	◆	0.7	◆
£12¼	579	Sanwa Bank Y50	579	–4	Q17%	6.7	0.5	27.2
902½	613	Schroders £1	623	+10	h12.5	5.9	2.7	8.4
712½	413	Do. £1 N/V	418	+5	h12.5	5.9	4.0	5.6
£25¼	£11½	Sec. Pacific $10	£11½	–⅛	Q52.52	–	12.0	–
616	251	Standard Chartd £1	269	+10	35.0	1.4	17.3	(5.0)
£16⅛	£6½	Sumitomo Bank Y50	£6⅜	+⅛	hQ16%	7.5	[illegible]	27.6
£11	£4⅝	Sumitomo Tr & Bk Y50	£4⅝	–¼	Q17%	6.9	[illegible]	19.7
147	114	TSB	122	+1	15.8	2.5	6.3	7.9
175	126	TSB Bank Ch'nel Is'l	128		†Q6.7	3.5	5.2	6.4
£11⅜	£5	Tokai Bank Y50	£5	–⅛	Q16%	4.1	0.8	38.4
920	531	Toyo Tst & Bk Y50	532	–12	Q15.2%	6.9	0.5	25.6
611	510	Union Discount £1	510		33.0	–	8.6	–
525	286	Warburg (S.G.)	295	+1	15.0	3.6	6.8	5.1
180	99	Do 6pc Cnv Prf.	100		6%	–	8.0	–
279	177	Westpac SA1	181	+4	Q52.5c	1.5	13.1	5.0
420	333	Wintrust 20p	333		17.8	4.2	3.1	9.2
969	509	Yasuda Tst & Bk Y50	509	–14	Q17%	◆	0.7	◆

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
175	40	CLF Yeoman 50p	48	–5	Q18.5%	3.2	21.8	1.9
71	53	Cambridge Grp Ir50p	60	+7	Q7½%	15.6	0.5	14.7
59	11	Cambria Leasing Ir 10p	13½	+1½	†Q12%	3.5	7.6	3.4
68	50	Castle's (Hdgs) 10p	55		13.58	1.9	8.7	7.9
426	362	Prov. Financial	383		†20.5	2.1	7.1	8.8
*232	160	Reflex Invs. Ir5p	160		Q51%	7.9	1.4	11.8
225	198	Secure Trust Grp 1p	198	–2	†8.5	2.4	5.8	9.7
210	135	Woodchester Ir20p	135xd	+2	†Q16.7%	5.9	1.9	11.5

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	α	453	.....	3.5	10.8	1.0	12.0
225	147	Airflow Streamlines	γ	147	.....	6.0	3.9	5.4	6.3
190	145	Bostrom 5p	γ	165	.....	†5.75	3.1	4.7	7.4
266	163	Dowty 50p	β	174	+4	9.0	2.1	6.9	8.4
239	119	FR Group	β	120	.....	6.37	3.2	7.1	5.7
135	55	Kwik-Fit Hldgs. 10p	β	65	–2	†2.4	1.7	5.0	16.1
174	102	Lucas Inds	α	118	+4	†6.25	3.0	7.1	5.4
44	14	Do. Warrants	β	17½	.....				
80	63	Mid-States 10p	γ	63xd	.....	s20.75	–	1.6	52.8

Garages and Distributors

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	16	Alexanders 10p	γ	17	.....	1.0	3.0	7.8	5.1
135	78	Appleyard 10p	β	80	+1	†7.8	2.4	13.0	3.7
110	50	Bletchley Motor 20p	γ	58xd	.....	†7.5	1.9	17.2	4.1
568	423	Caffyns 50p	β	428	.....	11.5	0.3	3.6	–
121	98	Central Motor Auctns.	γ	108	.....	†3.25	3.2	4.0	10.3
61	26	Cook (D.C.) Hldgs.	γ	28	.....	1.0	5.3	4.8	5.3
89	33	Cowie (T.) 5p	β	42	–1	4.2	1.5	13.3	5.8
95	56	Dagenham Motors 10p	γ	61	+1	†5.25	2.8	11.8	4.1
98	75	Davenport Vernon 10p	γ	75	–1	3.5	3.6	6.2	5.2
29	16	Equity & Gen 5p		20	.....	†1.5	1.7	10.0	(7.1)

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
72	24	Oxford Virology 5p	γ	24	.....				
83	61	Poddington 5p		77	.....				
118	65	Ramsden's (Harry)	γ	65	.....	L4.5	1.1	7.1	16.8
60	30	Realzminster 5p	γ	31	.....	ta1.85	2.9	♦	6.1
38	6	Sempernova	γ	6	.....	–	–	–	1.6
36	17	Sleepy Kids 5p	γ	17	–1	–	–	–	–
		For Swanyard Studios see LEISURE							
3½	2½	Systems Connections	γ	2	.....	–	–	–	–
94	58	Tomorrows Leisure 20p	γ	58xd	.....	1.0	♦	2.3	♦
55	27	UPL Group 10p	γ	29	.....	–	–	–	–
185	128	Unit Group	γ	180	.....	5.0	1.8	3.7	20.3
89	26	Video Magic Lels. 1p	γ	16	–2	W2.0	0.7	20.3	20.8
6¼	2¼	Vista Ents 5p	γ	2¾	+¼	–	–	–	–
18	8	Vizcaya Hldgs 5p	γ	8	.....	–	–	–	–
5½	2	Wilton Group 1p	γ	2¼	.....	–	–	–	8.4

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ψ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ♯ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- L No par value

B.Fr. Belgian Francs. Fr. French Francs ⊞ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or –
Craig & Rose £1	γ	700	.....
Finlay Pkg. 5p	γ	48	.....
Holt (Jos) 25p	γ	1305	.....

IRISH

Stock		Price	+ or –
Cap. 8½% Ln. 1991		£98	.....
9pc Cap Ln. 1996		£92½	.....
Fin. 13% 97/02		£109	+½
Arnotts		180	.....
Carrol (P.J.)	γ	115	.....
Hall (R. & H.)		165	.....
Helton Hldgs.	γ	58	.....
IRG		150	.....
United Drug		130	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	7
Astec (BSR)	6
BAT	45
BOC Grp.	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	13
Brit. Telecom	22
Cadburys	26
Charter Cons.	37
Comm Union	37
Courtaulds	25
Eurotunnel	55
FKI	5¼
FNFC	20
Gen Accident	46¼
GEC	14
Glaxo	57
Grand Met	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd.	39
ICI	78
Ladbroke	22
Legal & Gen	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds	11
Marks & Spencer	18
Midland Bk	20
Nat West Bk.	18
P & O Dfd	42
Polly Peck	40
Racal Elect.	14
RHM	13
Rank Org Ord	49
Reed Intnl	30
STC	19½
Sears	8½
SmKl. Beecham A	44
TI	37
TSB	16
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	34
Unilever	50
Vickers	19
Wellcome	38

Property	
Brit Land	24
Control Secs	4
Land Securities	42
MEPC	38
Mountleigh	11

Oils	
Aviva Petlm	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petlm	20
Gaelic Res	2
Premier	8½
Shell	40
Tuskar Res	6
Ultramar	32

Mines	
Lonrho	22
RTZ	46

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1,050 per annum for each security.

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin: 0296 394000 Dealing: 0296 312156						
American Eagle	5	58.63	58.63	62.67	-0.61	1.29
Australia	5	6.126	6.126	6.553	-0.02	4.07
Equity	5	135.2	135.2	145.3	+0.5	5.29
Euro Spec Sits	5	94.74	94.74	102.5		0.68
Financial	5	23.82	24.02xd	25.83	+0.38	3.36
Global Opps Inc	5	55.88	55.88	60.14	-0.99	0.00
Global Opps Acc	5	56.30	56.30	60.60	-0.38	0.00
Gold & Gen Inc	5	42.12	42.12	45.25	+0.15	0.88
Gold & Gen Acc	5	78.51	78.51	84.34	+0.20	0.88
Income	5	82.81	82.89xd	89.21	+0.11	6.95
Japan & General	5	97.49	97.49xd	105.0	-2.5	0.00
Preference Share	5	17.20	17.51	18.82	+0.35	14.10
UK Capital	5	73.71	73.71	79.24	+0.23	4.41
World Income	5	52.73	52.73	56.57	-0.05	6.25
Worldwide Capital	5	141.20	141.20	152.0		3.60
Templeton Unit Trust Managers Ltd (1200)F						
Atholl Crescent, Edinburgh EH3 8NA 031 228 3932						
Global Growth Acc	6	95.55	95.35	101.98	-0.56	3.72
Global Growth Inc	6	90.84	91.61	97.98	-0.56	3.72
Global Balanced Acc	6	93.93	94.40	100.96	-0.47	4.95
Global Balanced Inc	6	89.30	89.75	95.99	-0.44	4.95
Value Tst Acc	6½	69.20	70.34	75.23	+0.14	4.56
Value Tst Inc	6½	64.47	68.59	73.36	+0.14	4.56
Intl Fxd & Cr'ties Inc♦	2	90.06	91.58	96.14		3.88
Intl Fxd & Cr'ties Acc♦	2	88.31	89.79	94.27		3.88
Thornhill Unit Trust Managers Ltd (1200)F						
28 St John's Sq, London EC1M 4AE 071-251 6767						
Capital	5	43.89	44.17	46.98		
Overseas	5	39.25	39.47	41.98		
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 0DH 071-493 7262						
Dealing 071-493 8545						
American Opps	5	42.71	42.71	45.55	-0.51	0.25
(Accum Units)	5	43.96	43.96	46.88	-0.52	0.25
Cash	0	50.42	50.42	50.42	+0.01	14.75
Accum Units	0	50.42	50.42	50.42	+0.01	14.75
European Opps ♦	5	58.46	58.46	62.35	+0.03	0.00
(Accum Units) ♦	5	58.78	58.78	62.69	+0.03	0.00
Far Eastern Opps	5	95.88	95.88	102.26	-1.35	0.00
(Accum Units)	5	96.49	96.49	102.91	-1.36	0.00

	Bid Price	Offer Price	+ or -	Yield Gross
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Sept 26	38.2	39.6		2.81
Euro Expt Sept 26	46.2	48.5		2.93
Fixed Int Ex Sept 26	42.6	43.7		11.57
Japan Expt Sept 26	38.2	39.8		0.91
Managed Ex Sept 27	36.5	37.9		5.72
SE Asia Expt Sept 26	53.9	56.5xd		3.77
Sm Cos Expt Sept 26	29.4	30.8		5.44
UK Eqty Ex Sept 26	34.1	35.8xd		5.63
Phillips & Drew Fund Management Ltd				
Small Co's Sep 5	641.8	685.8		5.25
Do Accum	706.9	755.2		5.25
Inc Expt Sept 27	146.8	149.2	-7.1	3.8
UK Index Sept 5	1015	1035		5.1
Do Accum	1059	1080		5.1
Convertible Sept 24	78.71	81.18		9.0
World ex UK Index Sept 24	637.6	646.2		2.56
Do Accum	637.6	646.2		2.56
Japan Index Sept 24	516.0	523.4		0.6
Do Accum	517.0	524.3		0.6
USA Index Sept 24	730.1	736.1		3.9
Do Accum	740.4	745.4		3.9
Europe ex UK Index Sept 24	775.1	784.1		3.2
Do Accum	787.2	806.3		3.2
Pacific ex Jap Index Sept 24	776.0	799.4		5.6
Do Accum	791.5	814.4		5.6
Managed Exempt Sept 27	87.75	89.29	-1.89	5.45
American Exempt				
European Exempt				
Japan Exempt				
Pacific Basin				
NM Rothschild Asset Management Ltd				
NC Managed	51.6	54.9xd	+0.2	4.39
NC Property	179.5	196.5		
J. Rothschild Fund Managers Ltd				
Intl Exempt Accum	130.5	131.61		2.97
Stewart Ivory & Co Ltd				
Salute PPP Aug 31	245.8	258.11		
Closed to new business				

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
Lifetime Assurance Co Ltd				
Bank Hse, St John's Rd, Harrow HA1 2EE 081-861 5999				
Managed Security	97.3	102.5		
Managed Growth	91.5	96.4	-0.7	
Managed Opportunity	80.6	84.9	-0.7	
Property	99.2	104.5	+0.1	
Fixed Interest	97.1	102.3		
Cash	99.1	104.4	+0.1	
UK Equity	83.6	88.1	-2.1	
Intl Equity	91.8	96.7	-1.0	
Pension Funds				

	Bid Price	Offer Price	+ or -	Yield Gross
Merchant Investors Assurance Co Ltd — Contd.				
MI Gar Japan	96.8		-3.7	
MI Gar Pacific Gwth	113.7		-0.8	
MI Hea Spec Situations	93.5		+0.4	
MI Hea Recovery	81.6		+0.4	
MI Hea Financial	86.1		+1.1	
MI Hea Inc & Growth	99.6		+0.6	
MI Hea Inc & Assets	99.5		+0.5	
MI Hea High Income	104.9		+0.4	
MI Hea Extra Income	96.1		+0.3	

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	297.9	313.6	-0.3	
UK Equity	373.1	392.8	+2.0	
Overseas Eq	287.3	302.5	-3.0	
American	216.0	227.4	-2.7	
Far East	288.2	303.4	-6.1	
Property	188.7	198.7	+0.2	
Fixed Int	223.6	235.4	-0.5	
Indexed Gilt	142.0	149.5	-0.7	
Deposit	170.0	179.0	+0.1	
Pension Fund (Accum Units)				
Managed	410.7	432.4	-0.1	
UK Equity	472.7	497.6	+2.7	
Overseas Eq	467.3	491.9	-4.1	
American	288.3	303.5	-3.9	
Far East	477.7	502.9	-10.1	
Property	231.7	243.9	+0.3	
Fixed Int	271.3	285.6	-1.0	
Indexed Gilt	156.0	164.3	-0.7	
Deposit	232.9	245.2	+0.1	
NPI Pensions Management Ltd				
Managed Fund	978.1	995.6		
Prices Sept 3 Next dealing Oct 1				

Continued on next page

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FT MANAGED FUNDS SERVICE

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 686787

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	59.2	62.4	+0.2	-
Stock Market Mngd Fund	56.6	58.5	+0.1	-
Equity Fund	63.3	66.6	+0.5	-
International Fund	48.8	51.3	-0.3	-
European Fund	59.3	[illegible]	-0.1	-
North American Fund	48.9	51.4	[illegible]	-
Pacific Fund	49.7	52.3	-0.6	-
Property Fund	87.2	91.8	+0.1	-
Fixed Interest Fund	51.1	53.8	-0.1	-
Index Linked Sec Fund	57.5	60.6	-0.3	-
Deposit Fund	65.2	68.7	-	-
NUAM Retirement Plans				
Mixed Fund	64.2	67.6	+0.3	-
UK Ordinary Share Fd	72.7	76.5	+0.7	-
International Fund	52.8	55.6	-0.3	-
Property Fund	85.4	89.9	...	-
Fixed Interest Fund	60.8	[illegible]	-0.2	-
Index Linked Sec Fund	60.8	64.0	-0.2	-
Deposit Fund	75.4	79.4	...	-
NUAM (NF)				
Managed Fund	840.7	885.0	+1.7	-
Equity Fund	1750.5	1842.7	+11.8	-
International Fund	128.8	135.6	-0.7	-
Property Fund	551.4	580.5	+0.1	-
Fixed Interest Fund	382.7	402.9	-1.3	-
Index Linked Sec Fund	58.6	61.7	[illegible]	-
Deposit Fund	268.2	282.4	...	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	104.83	110.35	+0.03	-
Managed Fd	80.19	84.42	+0.27	-
UK Ord Share Fd	82.74	87.10	+0.74	-
International Fd	72.22	76.02	-0.37	-
European Fd	82.24	86.57	-0.05	-
North American Fd	74.49	78.41	-0.62	-
Pacific Fd	62.96	66.28	-0.76	-
Property Fd	100.06	105.33	+0.02	-
Fixed Int Fd	92.28	97.14	-0.28	-
Intl Bond Fd	88.47	93.12	[illegible]	-

Providence Capital Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Individual Pension Funds				
UK Equity Acc	[illegible]	209.6	+1.8	-
UK Fixed Interest Acc	187.7	198.0	-0.7	-
Intl Equities Acc	188.5	199.0	+0.6	-
UK Managed Acc	162.4	171.3	+0.8	-
Property Acc	[illegible]	219.1	...	-
Money Acc	147.7	155.9	+0.1	-
Special Market Acc	202.0	213.1	[illegible]	-
Japan Equity Acc	135.6	143.1	-4.0	-
North American Acc	102.8	108.5	[illegible]	-
Pacific Acc	140.0	147.7	-1.3	-
Technology Acc	127.7	134.8	+1.0	-
Natural Resources Acc	104.8	110.6	+2.5	-
European Acc	102.5	108.2	+0.6	-
Residential Prop Acc	103.6	109.3	...	-
Swiss Equities Acc	31.3	[illegible]	+0.3	-
Hong Kong Acc	43.6	46.0	-0.2	-
UK High Inc Equ Acc	63.6	67.1	+0.9	-
Int Fixed Interest Acc	52.5	55.4	[illegible]	-
Int Managed Acc	50.1	52.8	...	-
Group Pension Funds				
Equity Acc	663.7	684.3	+1.7	-
Fixed Interest Acc	556.5	573.8	...	-
Managed Acc	115.0	117.2	+0.1	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	935.5	982.3	+0.9	-
Equity Fund	209.1	219.6	+0.4	-
International Fd	119.9	[illegible]	+0.9	-
Fixed Interest Fd	154.1	161.8	-0.7	-
Property Fund	227.3	[illegible]	...	-
Index-Linked Fund	146.1	153.4	-0.5	-
Deposit Fund	155.0	162.8	...	-
Pens Mixed (Ord) Fd	227.8	239.2	+0.1	-
Gold Pensions				
Discretionary Fund		111.0	+0.1	-
Equity Fund		107.9	+0.1	-
Fixed Interest Fund		112.7	-0.6	-
International Fund		92.6	+0.8	-
Property Fund		138.0	...	-
Index-Linked Fund		[illegible]	-0.4	-
Deposit Fund		[illegible]	...	-

Sun Alliance International Life
PO Box 77, New St, St Peter Port, Guernsey 0481 714108

	Bid Price	Offer Price	+ or -	Yield Gross
North Amer Equity $	$7.93	8.53		-
Pacific Equity $	$7.16	7.71		-
Intl Currency $	$4.24	4.56		-
Intl Bond Fund $	$6.64	7.15		-
Gilt Fund £	£3.85	4.15		-
US Dollar Mngd Fd $	$1.59	1.71		-
Stlg Managed Fd £	£1.00	1.07		-

Target International Group
1 rue Emile Bian, Luxembourg Tlx 2809 Tel 4050751

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Pens Plan	£0.71	0.77		-
US Dollar Pens Plan	$0.72	0.78		-
Yen Pens Plan	Y241	258		-
Ecu Pens Plan	Ecu0.59	0.64		-
Sterling Man Fd	£0.99	1.04		-
Sterling Fixed Int Fd	£1.50	1.58		-
US Dollar Man Fd	$1.18	1.25		-
US Dollar Fixed Int Fd	$1.39	1.47		-
Ecu Bond Fd	Ecu1.08	1.14		-
Davenport Church £ Fd	£0.79	0.85		-
Davenport Church $ Fd	$0.50	0.54		-
Davenport Chad C F I	£1.07	1.16		-
LWI Universal Stg Mgd	£0.77	0.80		-
LWI Universal $ Mngd	$0.62	0.65		-
Matheson £ Pens	£0.75	[illegible]		-
Matheson $ Pens	$0.78	0.83		-
EDN MIM £	£0.83	0.90	-0.02	-
EDN MIM $	$0.93	1.01	+0.01	-
Royal Wessex Fund	£0.74	0.773		-
Wessex Special Sits	£1.03	1.078		-
Proinco $ Managed	$0.92	[illegible]		-
Proinco £ Managed	£1.04	1.085		-
Argent Stg Blncd		£20.56	-0.08	-

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF 01-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	184.2	193.9	+1.1	-
Target Mngd Pension	111.1	117.0	-0.5	-
Albany Life Acc	165.3	174.0	+0.2	-
Albany Pens Acc	204.2	214.9	+0.3	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Orion Fund Limited						
6 Front St., Hamilton, HM11 Bermuda 809 295 4000						
Orion	-		$-	10.00		-

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	Bid Price	Offer Price	+ or -	Yield Gross
Arab Bank Fund Managers (Guernsey) Ltd				
ABL International Fund Ltd				
US Dollar Money	$10.26	10.26	....	-
Managed Currency	$10.30	10.31	-0.01	-
International Bond	$10.13	10.15	-0.04	-
Baring Int Fund Managers Guernsey Ltd				
Mngd Portfolio (Dllr)	$9.63	10.23	....	-
Mngd Portfolio (Stlg)	£3.75	4.03	....	-
Baring Currency Fund Ltd				
US Dollar		$14.43	+0.01	-
Sterling		£17.44	+0.01	-
Deutschemark		DM37.72	+0.03	-
Japanese Yen		Y3771	+2	-
Managed	$40.05	42.05	-0.20	-
Dantrust Management (Guernsey) Ltd				
Dantrust Limited	DKr114.60	114.80	....	-
Fipart-Cotsell Fund Mngrs (Guernsey) Ltd				
Hautevilte G & B Fd	SFr7.93	8.02	....	2.76
John Govett Mngmnt International Ltd				
Govett High Inc Gilt	£0.3369	0.3591xd	-0.002	14.46
Govett Far East Inc	$0.842	0.900	-0.013	-
Energy & Resources	$0.716	0.765	-0.013	-
Hambros Fund Managers (CI) Ltd				
Japanese OTC	$8.2591	8.7852	-0.0941	-
Havelet Throgmorton Mngmt Ltd				
Intl Inc-Stlg High Inc	£9.779	10.304xd	....	10.09
Intl Inc-Intl High Inc	$48.111	50.704xd	....	5.94

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Getting out of the yen

THE YEN came under pressure yesterday as investment funds moved out of Japan following the sharp fall in the Tokyo stock market. A 2 per cent decline on Thursday in the *Nikkei Index* was the trigger for some Japanese institutions to begin moving funds overseas. A number of institutions had been buyers of yen. but by the close of Tokyo trading, sellers had clearly gained the upper hand.

Adding to the yen's decline was the end of the current Japanese financial half year. Over the past month Japanese companies have repatriated funds, and this has lifted the yen. With that now complete an important support for the yen has been removed.

The yen continued to decline in Europe as Japanese institutional selling continued. Activity was concentrated in *D-Mark/yen and sterling/yen.* The mark finished at Y88.30, up one yen, while sterling closed at Y258.75, up three yen.

The US dollar rose slightly within in a narrow range. Trading was nervous as speculation about the latest developments *in the Gulf produced* sharp movements on little turnover.

Analysts said that until there is a clear sign on the future direction of US interest rates, the dollar is likely to remain in a narrow range. The dollar was depressed last week on the belief that the weakness in the US economy would prompt the Federal Reserve to *ease monetary policy.* However, the Federal Reserve's concern over inflationary pressures and the lack of a budget agreement has led the market to believe that an imminent easing is not likely.

The dollar closed lower at *DM1.5700 from DM1.5720;* at SFr1.3070 from SFr1.3110; and at FFr5.2550 from FFr5.2625; but firmed to Y138.30 from Y137.20. The Bank of England's dollar index closed at 63.0 up 0.2 point.

Sterling rose slightly after *Mr John Major, the chancellor of the exchequer,* appeared to clear the way for early entry into the exchange rate mechanism of the European Monetary System. But investors remained cautious towards sterling. "The market was wrong when it believed sterling would join at the begining of September; it's now a case of once bitten, twice shy," Mr Robin Aspinall, currency economist at Hoare Govett, said.

Sterling closed at DM2.9400 from DM2.9300; at $1.8720 from $1.8640; at FFr9.8375 from FFr9.8100; and at SFr2.4475 from SFr2.4425.

● The new EMS table below shows Ecu central rates as set *by the European Commission.* Currencies are in descending relative strength. Percentage changes are for the Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference *between the actual market and* Ecu central rates and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment are calculated by the Financial Times.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sep 27	% change from central rate	% spread vs weakest narrow band currency	Divergence indicator
Spanish Peseta	132.889	129.009	-2.92	3.91	51
French Franc	6.85684	6.89254	0.52	0.35	-9
Irish Punt	0.763159	0.767103	0.52	0.36	-8
Belgian Franc	42.1679	42.4108	0.58	0.30	-11
German D-Mark	2.04446	2.05889	0.71	0.17	-25
Italian Lira	1529.70	1541.28	0.76	0.12	-20
Dutch Guilder	2.30358	2.32151	0.78	0.10	-21
Danish Krone	7.79845	7.86668	0.87	0.00	-24

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times

POUND SPOT - FORWARD AGAINST THE POUND

Sep 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8630 - 1.8760	1.8715 - 1.8725	1.04-1.02cpm	6.60	2.98-2.95pm	6.34
Canada	2.1556 - 2.1690	2.1555 - 2.1565	0.51-0.40cpm	2.53	1.33-1.21pm	2.36
Netherlands	3.30½ - 3.32	3.31 - 3.32	1⅞-1¾cpm	6.56	5¼-5pm	6.18
Belgium	60.35 - 60.65	60.45 - 60.55	33-29cpm	6.15	91-84pm	5.79
Denmark	11.18½ - 11.25½	11.21¼ - 11.22¼	4¼-3¾orepm	4.35	11⅝-10⅝pm	3.99
Ireland	1.0919 - 1.0935	1.0915 - 1.0925	0.45-0.40pm	4.67	1.10-1.00pm	3.85
W. Germany	2.93 - 2.94¼	2.93¾ - 2.94¾	1½-1½pfpm	6.38	4½-4¼pm	6.12
Portugal	260.10 - 261.55	260.50 - 261.50	50-22cpm	1.66	19-49pm	0.52
Spain	183.05 - 184.30	183.80 - 184.10	12-2cpm	0.46	12-parpm	0.13
Italy	2190½ - 2205¼	2200¼ - 2200¾	8-7cpm	4.09	27-24pm	4.64
Norway	11.34¼ - 11.39½	11.36 - 11.36½	3½-3¼orepm	3.76	10¼-9¼pm	3.54
France	9.80¼ - 9.85¼	9.83¾ - 9.84¾	4¼-4cpm	5.03	11½-10¾pm	4.45
Sweden	10.77¾ - 10.83¼	10.80 - 10.81	2¼-2orepm	2.36	5-4½pm	1.74
Japan	257½ - 259¼	258¼ - 259¼	1½-1¾ypm	6.67	4½-3¾pm	6.18
Austria	20.61 - 20.67	20.64 - 20.67	11½-10½gropm	6.50	31½-29½pm	5.93
Switzerland	2.44¼ - 2.45¼	2.44¼ - 2.45¼	1½-1¼cpm	7.05	4-3¾pm	6.44
ECU	1.4180 - 1.4275	1.4260 - 1.4270	0.61-0.58cpm	5.01	1.58-1.53pm	4.36

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.64-5.59cpm. 12 Month 9.82-9.72cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8630 - 1.8760	1.8715 - 1.8725	1.04-1.02cpm	6.60	2.98-2.95pm	6.34
Ireland†	1.7085 - 1.7140	1.7085 - 1.7095	0.35-0.30cpm	2.28	1.08-0.98pm	2.41
Canada	1.1540 - 1.1585	1.1565 - 1.1585	0.36-0.41cdis	-4.00	1.13-1.20dis	-4.03
Netherlands	1.7645 - 1.7720	1.7700 - 1.7710	0.01pm-0.01cdis	0.01	0.05-0.09dis	-0.16
Belgium	32.20 - 32.40	32.30 - 32.40	par-3cdis	-0.56	2-7dis	-0.56
Denmark	5.98 - 6.00	5.99 - 5.99½	1.00-1.30oredis	-2.30	3.25-3.85dis	-2.37
W. Germany	1.5650 - 1.5730	1.5695 - 1.5705	par-0.02pfdis	-0.08	0.07-0.10dis	-0.22
Portugal	139.35 - 139.90	139.35 - 139.45	60-75cdis	-5.81	225-255dis	-6.89
Spain	97.95 - 98.30	98.20 - 98.30	51-57cdis	-6.60	151-161dis	-6.35
Italy	1170 - 1177¼	1175¼ - 1175¾	0.40-0.90liredis	-0.66	4.50-5.50dis	-1.70
Norway	6.06½ - 6.07½	6.06½ - 6.07½	1.20-1.55oredis	-2.72	4.10-4.60dis	-2.87
France	5.23½ - 5.26½	5.25¼ - 5.25¾	0.74-0.79cdis	-1.75	2.44-2.54dis	-1.90
Sweden	5.75½ - 5.78¼	5.77 - 5.77½	1.95-2.20oredis	-4.31	6.45-6.90dis	-4.63
Japan	137.35 - 138.50	138.25 - 138.35	0.02ydis-par	-0.09	0.02-0.05dis	-0.10
Austria	11.01 - 11.04¼	11.03¾ - 11.04¼	0.10-0.50grodis	-0.33	0.90-1.90dis	-0.51
Switzerland	1.3025 - 1.3125	1.3065 - 1.3075	0.06-0.02cpm	0.37	0.05-0.01pm	0.09
ECU	1.3090 - 1.3190	1.3090 - 1.3100	0.19-0.18cpm	1.70	0.63-0.61pm	1.89

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Sep 27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15 - 14⅞	15 - 14⅞	15 - 14⅞	14⅞ - 14⅝	14⅞ - 14⅝	14⅝ - 14½
US Dollar	8⅛ - 8⅛	8¼ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛	8¼ - 8⅛
Can. Dollar	11¾ - 11½	12¼ - 11¾	12⅛ - 11⅞	12⅛ - 11⅞	12⅛ - 11⅞	11⅞ - 11⅝
D Guilder	8⅛ - 8⅛	8¼ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛
Sw. Franc	7⅞ - 7⅝	7⅞ - 7⅝	7⅞ - 7⅝	8⅛ - 8	8⅛ - 8⅛	8⅛ - 8⅛
Deutschmark	8⅛ - 8⅛	8¼ - 8⅛	8⅛ - 8⅛	8⅞ - 8⅛	8⅞ - 8⅝	9⅛ - 8⅞
Fr. Franc	9⅞ - 9⅝	9⅞ - 9⅝	10 - 9⅞	10⅛ - 9⅞	11⅛ - 10⅝	12 - 11⅝
Italian Lira	13 - 11	7 - 6	9¼ - 8¾	10⅛ - 9⅞	11¼ - 10⅝	12 - 11⅞
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8⅝-8½ per cent; three years 9⅛-9 per cent; four years 9¼-9⅛ per cent; five years 9⅜-9¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sep 27	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.872	2.940	258.8	9.838	2.448	3.315	2201	2.156	60.50
$	0.534	1	1.571	138.2	5.255	1.308	1.771	1176	1.152	32.32
DM	0.340	0.637	1	88.03	3.346	0.833	1.128	748.6	0.733	20.58
YEN	3.864	7.233	11.36	1000.	38.01	9.459	12.81	8505	8.331	233.8
F Fr.	1.016	1.903	2.988	263.1	10.	2.488	3.370	2237	2.192	61.50
S Fr.	0.408	0.765	1.201	105.7	4.019	1	1.354	899.1	0.881	24.71
H Fl.	0.302	0.565	0.887	78.07	2.968	0.738	1	664.0	0.650	18.25
Lira	0.454	0.851	1.336	117.6	4.470	1.112	1.506	1000.	0.980	27.49
C $	0.464	0.868	1.364	120.0	4.563	1.135	1.536	1021	1	28.06
B Fr.	1.653	3.094	4.860	427.8	16.26	4.046	5.479	3638	3.564	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr per 100.

£ IN NEW YORK

Sept.27	Latest	Previous Close
£ Spot	1.8715-1.8725	1.8720-1.8730
1 month	1.04-1.02pm	1.08-1.06pm
3 months	2.98-2.95pm	2.97-2.94pm
12 months	9.80-9.70pm	9.68-9.58pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sept.27	Previous
8.30 am	93.4	93.5
9.00 am	93.3	93.4
10.00 am	93.3	93.2
11.00 am	93.4	93.2
Noon	93.4	93.0
1.00 pm	93.4	93.0
2.00 pm	93.4	93.2
3.00 pm	93.3	93.1
4.00 pm	93.3	93.1

CURRENCY MOVEMENTS

Sept.27	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Sept.26

CURRENCY RATES

Sep 27	Bank rate %	Special * Drawing Rights	European † Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

† European Commission Calculations. * All SDR rates are for Sept.26

OTHER CURRENCIES

Sep 27	£	$
[illegible]	[illegible]	[illegible]
Luxembourg	60.45 - 60.55	32.30 - 32.40
Malaysia	5.0400 - 5.0530	2.6990 - 2.7010
Mexico	5414.45 - 5417.85	2897.00 - 2898.00
N Zealand	3.0315 - 3.0365	1.6220 - 1.6240
Saudi Ar	6.9910 - 7.0455	3.7495 - 3.7505
Singapore	3.2880 - 3.2960	1.7615 - 1.7635
S.Af (Cm)	4.7995 - 4.8120	2.5660 - 2.5710
S.Af (Fn)	7.2065 - 7.3485	3.8610 - 3.9370
Taiwan	51.65 - 51.75	27.70 - 27.75
U.A.E.	6.8215 - 6.9215	3.6700 - 3.6735

* Selling rate

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE SHORT STERLING OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; FT-SE 100 INDEX; POUND-$ (FOREIGN EXCHANGE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); U.S. TREASURY BILLS (IMM); THREE-MONTH EURODOLLAR (IMM); SWISS FRANC (IMM); STANDARD & POORS 500 INDEX; PHILADELPHIA SE £/$ OPTIONS

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; OPTION ON LONG-TERM FRENCH BOND (MATIF); THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
December	89.66	89.67	+0.02	89.68	89.63	10.33	14,983
March	89.60	89.63	+0.02	89.63	89.60	10.37	4,564
June	89.57	89.59	+0.01	89.59	89.57	10.41	695
September	89.55	89.55	-	89.55	89.55	10.43	126

Estimated volume 4,116 Total Open interest 20,368

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
September	1497.0	1517.0	+25.0	1528.0	1495.0	6,991
October	1498.0	1517.0	+23.0	1529.0	1496.0	7,346
November	1508.0	1508.0	+9.0	1528.0	1508.0	180
December	-	-	-	-	-	51

Estimated volume 15,483 Total Open interest 14,168

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	*15	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Firm UK rates

THE UK money market was little changed yesterday with rates confined to a narrow range. The key three-month inter-bank rate was $\frac{1}{16}$ higher at 14$\frac{31}{32}$-$\frac{15}{16}$ per cent.

Sterling's firmer tone boosted interest rate futures but had little impact on the cash market. The belief that there will be no early reduction in interest rates kept spot rates firm.

One month money was also $\frac{1}{16}$ higher at 14$\frac{31}{32}$-$\frac{15}{16}$ per cent. Further along the yield curve, six months money was unchanged at 14$\frac{25}{32}$-$\frac{23}{32}$ per cent, while twelve months was up $\frac{1}{16}$ at 14$\frac{9}{16}$-½. In the futures market, December short sterling was up 2 points at 85.52, indicating that futures dealers expect a ½ point interest rate cut by the year end.

The small shortage in the money market, and the willingness of the Bank of England to supply nearly all of its liquidity needs, left dealing confined to book squaring before the end of the third quarter and the *Japanese* financial half year today.

The Bank forecast a shortage of £250m and provided total *assistance of £220m.* The Bank's only credit market operations were conducted during the afternoon, when it bought £120m of band 1 bank bills at 14⅞ per cent, and provided late assistance of around £100m.

Among the factors contributing to the shortage were Exchequer transactions of £25m, a rise in the note circulation of £85m and *bankers' balances £50m below* target. This was partly offset by bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills, which added £60m.

In Frankfurt tightness in the money market kept *short-term* rates firm. Call money was at 8.05-8.10 per cent, although at one stage rates were offered at 8.15 on the liquidity shortage. Draining funds from the market were the monthly payments of pensions and public sector wages.

The fall in liquidity prompted some banks to *borrow Lombard funds from* the Bundesbank at 8 per cent. The rise in call money rates above 8 per cent has increased the banks' use of Lombard funds.

In New York the Federal Reserve added liquidity to the *banking system using* overnight system repurchase agreements. Federal Funds were at 8¼ per cent, down ⅛.

UK clearing bank base lending rate 15 per cent from 5, October 1989

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.27) 3 months US dollars		6 months US Dollars	
bid 8⅛	offer 8¼	bid 8⅛	offer 8¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) Treasury Bills and Bonds

Prime rate	10	One month	7.35
Broker loan rate	9¾	Two month	7.36
Fed funds	8¼	Three month	[illegible]
Fed. funds at intervention	[illegible]	Six month	[illegible]

Sep.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Sep 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 14⅜ per cent; three months 14⅜ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent. [illegible] Oct 9,1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gr Eqiv	CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CAF Money Management Co Ltd; The COIF Charities Deposit Account; Cent. Bd. of Fin. of Church of England; Gartmore Money Management Ltd

Money Market Bank Accounts

	Gross	Net	Gr Eqiv	CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Aitken Hume Bank plc; Allied Trust Bank Ltd; American Express Bank Ltd; Bank of Ireland High Interest Cheque Acc; Bank of Scotland; Barclays Capital Advantage Account; Barclays Prime Account H.I.C.A.; Benchmark Bank PLC Premier Account; B & C Merchant Bank PLC Portfolio Acc; Brown Shipley & Co Ltd; Caledonian Bank Plc; Cater Allen Ltd; Charterhouse Bank Limited; Citibank Savings; Clydesdale Bank PLC; Co-operative Bank Tap Tier; Coutts & Co; Darlington & Co Ltd; Edington Plc; Financial & General Bank plc; Gartmore Money Management Ltd; Girobank plc High Interest Cheque Acc; Hambros Bank Ltd; Humberclyde Finance Group; Lloyds Bank - Investment Account; M & G/Kleinwort Benson; Midland Bank plc; NatWest Special Reserve Account; Provincial Bank PLC; Royal Bank of Scotland plc Premium Acc; Save & Prosper/Robert Fleming; Sterling Bank & Trust Ltd; Tyndall & Co Ltd; United Dominions Trust Ltd; J. Henry Schroder Wagg & Co Ltd; Western Trust High Interest Cheque Acc; Wimbledon & South West Finance Co Ltd

NOTES-Gross rate to those deposits from Composite Rate of tax. Net, actual rate after allowance of CRT. Gr Equiv Gross equivalent to basic rate taxpayers. CAR compounded annual rate. Int. Cr. frequency interest credited.

JOTTER PAD

CROSSWORD

No.7,353 Set by CINEPHILE

ACROSS

1 QC swallows refreshing liquid at start of Angel Pavement (8)
5 To mountain returning, sleuths are calm (6)
9 English river to dispute with French region (8)
10 Compiler's brace getting hurt (6)
12 Hand in mouth to counterfeit being unable to speak (5)
13 Writing by spirit that has left in time for girl aviator? (9)
14 Opening of salvo, in gloom after beheading (6)
16 King with first antelope I left in East Africa (7)
19 Reptile from Virginia? (7)
21 Danish king, a crazy fellow in English church (6)
23 Dress with sleeves? Down with rifle! (5,4)
25 Left part of bridge on tree (5)
26 Beneficial existence? (6)
27 Coming into a little power, vex everyone in Orkney (8)
28 Carried back – not wanted (2,4)
29 Varied patterns in church building (8)

DOWN

1 Withdraw from predecessor the other way (6)
2 Protest about motorway brought to bad end by disreputable people (9)
3 Fret saw's end or line (5)
4 Healing centre in which to fulfil our destiny (7)
6 Burden island with woodworker called Jack? (6,3)
7 Corny jokes? (5)
8 Coloured up while it's light in early June (5,3)
11 I'm all right, having been beserk? (4)
15 Language with no repeats? (9)
17 Every other clue for Etna? (9)
18 Loco shed prepared for historic train? (8)
20 Not quite raw, nearly red (4)
21 Dismiss person who takes money (7)
22 Conjunction of student in game (6)
24 Piece of turf or four in point (5)
25 Compare sound of fungus-like plant (5)

Solution to Puzzle No.7,352

CHARISMATIC TOM / ALIBI DREAMBOAT / TEACHESTS MAIZE / SILVERY SEED / MEND BITPART / ALIVE SCRAMBLES / TREATMENT CREDO / CUT LADYSMANTLE

هكذا من الاصل

WORLD STOCK MARKETS

AUSTRIA [illegible]

BELGIUM/LUXEMBOURG [illegible]

DENMARK [illegible]

FINLAND [illegible]

FRANCE [illegible]

FRANCE (continued) [illegible]

GERMANY [illegible]

GERMANY (continued) [illegible]

ITALY [illegible]

ITALY (continued) [illegible]

NETHERLANDS [illegible]

NORWAY [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

SOUTH AFRICA [illegible]

JAPAN [illegible]

AUSTRALIA [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG [illegible]

MALAYSIA [illegible]

SINGAPORE [illegible]

CANADA

TORONTO

2pm prices September 27

[illegible]

†—No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	Sept. 26	Sept. 25	Sept. 24	Sept. 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2459.65	2485.64	2452.97	2512.38	2999.75 (16/7)	2452.97 (24/9)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	88.69	88.72	88.44	89.14	93.04 (3/1)	88.44 (24/9)	—	—
Transport	846.52	844.67	841.90	876.66	1212.77 (6/6)	841.90 (24/9)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	199.76	200.64	199.76	201.71	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2496.04 (2501.24) Low 2435.40 (2437.38)

STANDARD AND POOR'S

	Sept. 26	Sept. 25	Sept. 24	Sept. 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	305.06	308.26	304.59	311.32	368.95 (16/7)	304.59 (24/9)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	359.99	363.73	359.32	367.10	437.37 (16/7)	359.32 (24/9)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	20.63	21.21	20.96	21.76	31.87 (3/1)	20.63 (26/9)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	167.52	169.28	167.51	171.08	201.13 (16/7)	167.52 (24/9)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	310.06	313.17	312.84	316.80	382.45 (5/1)	310.06 (26/9)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	350.03	354.78	352.16	362.25	469.60 (16/7)	350.03 (26/9)	485.73 (9/10/89)	54.87 (31/10/72)

	Sept.21	Sep.14	Sept 7	year ago (approx.)
Dow Industrial Div. Yield	4.03	3.95	3.86	3.75

	Sept 19	Sept12	Sept 5	year ago (approx.)
S & P Industrial div. yield	3.29	3.28	3.24	2.81
S & P Indl. P/E ratio	15.12	15.44	15.47	14.42

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Am T & T	7,419,800	31½	- ⅜
MCA	1,828,300	61½	+ 7⅞
Citicorp	1,798,200	14½	- 1
IBM	1,744,400	105⅜	- 1
Gen Electric	1,731,200	55	- ⅜
Boeing	1,721,300	40⅜	+ ⅛
Philip Morris	1,679,500	44⅜	- ⅛
Pepsico	1,677,700	22	—
GTE Corp	1,413,200	26⅛	- ⅛
Exxon	1,284,700	49⅞	- ⅝

TRADING ACTIVITY

† Volume Millions	Sept. 26	Sept. 25	Sept. 24
New York	157.480	156.876	162.210
Amex	9.722	10.989	10.998
NASDAQ	118.712	109.930	114.826
Issues Traded	1,987	1,976	1,983
Rises	421	764	236
Falls	1,118	746	1,418
Unchanged	448	466	329
New Highs	2	5	6
New Lows	310	314	455

CANADA TORONTO

	Sept 26	Sept 25	Sept 24	Sept 21	1990 HIGH	1990 LOW
Metals & Minerals	2873.50	2900.70	2904.20	2984.66	3453.05 (4/1)	2850.80 (23/4)
Composite	3181.48	3205.85	3227.10	3236.38	4009.47 (3/1)	3181.48 (26/9)
MONTREAL Portfolio	1681.40	1691.99	1695.92	1707.30	2060.90 (3/1)	1681.40 (26/9)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sept. 27	Sept. 26	Sept. 25	Sept. 24	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1393.6	1385.7	1393.8	1412.5	1713.7 (12/1)	1385.7 (26/9)
All Mining (1/1/80)	705.1	701.1	780.1	707.0	860.8 (5/1)	780.1 (25/9)
AUSTRIA						
Credit Aktien (30/12/84)	484.58	487.24	408.98	412.53	701.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4997.61	4967.11	4959.99	5047.94	6599.43 (12/1)	4959.99 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	(u)	332.25	331.85	338.76	388.29 (20/7)	331.85 (25/9)
FINLAND						
Unitas General (1975)	428.4	425.8	427.1	432.5	677.3 (23/1)	425.8 (26/9)
FRANCE						
CAC General (31/12/82)	413.09	418.18	414.27	418.06	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1523.95	1499.17	1485.39	1502.52	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	595.44	586.85	583.33	607.08	832.32 (19/7)	583.33 (25/9)
Commerzbank (1/12/53)	1704.8	1681.1	1670.4	1742.8	2414.0 (3/4)	1670.4 (25/9)
DAX (30/12/87)	1354.08	1381.99	1353.40	1416.85	1968.55 (30/3)	1353.40 (25/9)
HONG KONG						
Hang Seng Bank (31/7/64)	2767.95	2778.74	2807.50	2861.77	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1223.43	1217.77	1230.28	1242.25	1893.18 (22/1)	1217.77 (26/9)
ITALY						
Banca Com. Ital. (1972)	562.08	555.71	554.38	562.97	763.52 (14/5)	554.30 (25/9)
JAPAN						
Nikkei (16/5/49)	21771.91	22250.62	23359.32	(c)	38712.88 (4/1)	21771.91 (27/9)
Tokyo SE (Topix) (4/1/68)	1620.26	1651.44	1719.36	(c)	2867.70 (4/1)	1620.26 (27/9)
2nd Section (4/1/68)	3094.91	3194.45	3280.17	(c)	4477.16 (16/7)	3094.91 (27/9)
MALAYSIA						
KLSE Composite (4/4/86)	469.84	473.88	484.43	494.81	632.22 (1/6)	469.84 (27/9)
NETHERLANDS						
CBS Tot.Rtn.Gen.(End 1983)	231.5	232.2	232.4	235.1	271.9 (20/7)	231.5 (27/9)
CBS All Shr (End 1983)	170.0	170.5	170.7	172.6	206.3 (3/1)	170.0 (27/9)
NORWAY						
Oslo SE (Ind) (2/1/83)	794.24	814.40	820.99	835.62	915.13 (2/8)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	544.02	551.75	567.11	605.71	1160.78 (21/3)	544.02 (27/9)
SINGAPORE						
SES All-Singapore (2/4/75)	310.13	311.17	315.18	320.25	446.87 (16/7)	310.13 (27/9)
SOUTH AFRICA						
JSE Gold (28/9/78)	1602.0	1583.0	1582.0	1514.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2719.0	2685.0	2663.0	2672.0	3211.0 (6/2)	2663.0 (25/9)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	595.45	594.04	593.77	587.39	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	212.04	209.58	210.41	216.31	309.74 (16/7)	209.58 (26/9)
SWEDEN						
Affarsvariden Gen. (1/2/37)	945.4	971.4	994.1	1030.1	1329.9 (5/7)	945.4 (27/9)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	625.3	621.6	620.2	632.7	845.5 (13/7)	620.2 (25/9)
TAIWAN**						
Weighted Price (30/6/66)	2705.01	2596.79	2702.84	2807.21	12495.34 (10/2)	2596.79 (26/9)
THAILAND						
Bangkok SET (30/4/75)	630.15	625.06	613.95	647.11	1143.78 (25/7)	613.95 (25/9)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	429.1	437.4	442.2	571.0 (4/1)	429.1 (27/9)

**Saturday September 22: Taiwan Weighted Price: 2998.38. Korea Comp Ex. 584.94

◊ Subject to official recalculation.

Ap6 Base values of all Indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 27 September 1990

	Stocks Traded	Closing Prices	Change on day
Kobe Steel	25.7m	500	-5
MHI	10.2m	674	-7
Hitachi	9.7m	1,170	+20
Nippon Steel	9.4m	407	-2
NKK	7.9m	400	0
Isuzu	6.9m	1,150	+40
Toshiba	6.5m	778	-22
Marubeni	6.0m	551	-39
Matsushita Elec	4.7m	1,580	+20
Kawasaki Steel	4.7m	401	-19

NOTES — [illegible]

3pm prices September 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	12⅝	AAR	.48	3.8	8	215	13	12⅝	12¾	– ¼
9¾	7⅞	ACM n	1.01	13.		280	8	7⅞	7⅞	
11⅝	8¾	ACMIn	1.26	14.		900	9	8¾	8⅞	+ ⅛
9¼	6½	ACM M	n1.01	15.		106	6⅝	6½	6⅝	+ ⅛
12⅛	10	ACMMM	1.50	13.		158	11⅝	11⅞	11⅝	+ ⅛
11½	8⅛	ACM Sc	1.26	14		643	9	8¾	8¾	
9⅓	7⅛	ACMSp	1.01	13.		680	7⅞	7½	7⅝	+ ⅛
24⅝	14⅝	AL Lab	.16	.8	17	226	19¼	18⅞	19	+ ⅛
5⅛	1⅛	AM Intl				688	1½	1⅜	1½	+ ⅛
23⅛	7	AM In pf	2	25.		14	8	7⅞	7⅞	– ⅛
107¼	39¾	AMR			9	3321	42¼	40¾	41	– 1
28½	25	ANR pf	2.67	10.		2	25½	25½	25½	
4¾	2⅜	ARX			9	68	3	2⅞	2⅞	– ⅛
72¾	42⅜	ASA	3a	6.9		790	51⅛	50⅝	50¾	– 1⅛
45⅝	30⅞	AbtLab	s.84	2.2	18	6275	39⅛	37⅞	38	– ⅞
14⅞	11¼	Abitibi	g .50			23	12⅞	12⅞	12⅞	
11⅝	5⅜	AcmeC	40	7.4	6	16	5½	5⅜	5⅜	– ⅛
9⅜	6⅛	AcmeE	32	5.1	8	10	6¼	6¼	6¼	+ ⅛
32¾	18⅞	Acuson s			22	661	27½	26⅜	26⅝	– ⅞
16⅞	14⅛	AdaEx	2.06e	14.		296	14⅝	14½	14⅝	+ ⅛
15⅜	10	Adobe				90	12⅜	12	12	– ⅜
20¼	17⅝	Adob pf	1.84	10.		14	18⅜	18⅛	18⅛	+ ⅛
21⅝	20	Adob pf	2.40	12.		46	20	d19¾	19¾	– ½
11⅜	4⅞	AMD			21	2477	5½	5⅛	5⅛	– ¼
32⅞	20	AMD pf	3	16.		142	20	d19	19	– 1
9¼	2	Advest	.16	7.5	27	2990	2⅛	2	2⅛	– ⅛
62½	37⅛	AetnLf	2.76	7.7	6	6014	37⅝	d35¼	35⅞	– 1⅝
13⅜	8¼	AfilPb	.24	2.9		254	8½	8⅛	8¼	– ⅛
25	13	Ahmans	.88	7.2	6	3873	13½	d12	12¼	– ⅞
3⅜	1⅞	Aileen			6	20	2½	2½	2½	
61	43	AirPrd	1.44	3.3	11	1189	45	43½	43⅝	– 1⅛
27	16⅜	AirFrt	s .30	1.8	9	465	17½	16⅝	16⅝	– ¾
24½	12½	Airgas			23	108	12⅞	12½	12⅞	– ⅛
20¾	16½	Airlease	2.62	15.	8	55	17	16⅝	16⅝	
10⅛	9	AlaP dpf	.87	9.7		31	9⅛	9	9	– ⅛
98⅛	90	AlaP pf	9	9.8		z100	92	92	92	
27⅓	15	AlskAir	.20	1.4	7	354	15½	d14¾	14⅞	– ⅞

Continued on Page 41

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19	8⅞	RhP pfA1.60e		17.		17	9½	9⅜	9½	
3½	1⅛	RhnP wt				10	1⅛	1⅛	1⅛	
22	9⅝	RhnPl n1.60e		15.		51	10½	10⅜	10⅜	- ⅛
41⅛	29½	RiteAid	.90	2.9	12	298	31⅛	30⅛	30⅝	- ⅜
11-32	3-64	RvrOak				18	9-128	1-16	1-16	
14⅛	6⅞	Robtan				242	7⅝	7⅛	7¼	+ ⅛
22⅛	16⅞	RochG	1.66	8.8	9	416	18⅜	18⅛	18⅛	- ⅛
45¾	25½	RochTl	1.46	5.8	13	126	25½	d25	25¼	- ½
22⅛	16¼	RckCtr	1.88	11.	16	285	16⅞	16½	16⅝	- ⅛
28⅞	19¾	Rockwl	.86	3.5	10	2085	24⅝	24¼	24⅜	- ⅛
7⅝	5	RodRen			13	7	5¼	5¼	5¼	- ¼
36⅞	24⅛	RoHaas	1.24	4.9	10	677	25½	25	25½	+ ⅜
28⅞	12¾	Rohr				782	13	d12¼	12¼	- ⅞
15¼	7½	RollinE	.09	1.2	18	2061	8¼	d 7⅜	7⅝	- ⅜
20⅜	16⅞	Rollins	.56	3.1	17	150	18	17⅞	18	+ ⅛
9¼	5¾	RolLeas	.20	3.5	6	242	5⅞	5¾	5¾	- ⅛
15⅞	7½	Rowan				3448	14½	13¾	14⅜	+ ¼
25¾	19⅝	RBSct pr2.62e		14.		46	20	19⅞	19⅞	- ⅛
87	63½	RoylD	4.25e	5.5	12	6920	78⅛	77	77¼	-1⅛
9⅞	7⅝	Royce	.52a	6.5		66	8⅛	8	8	- ⅛
45	31	Rubmd	.52	1.5	20	872	34⅝	33½	33⅞	+ ⅛
18⅛	13¾	RussBr	.40	2.6	14	1	15½	15½	15½	
13	5⅞	RussTg	.20	3.4		13	5⅞	5⅞	5⅞	
31	19⅞	Russell	.32	1.6	12	259	20¼	19⅞	20	- ⅛
28½	13⅜	Ryder	.60	4.5	41	3351	14	13⅜	13⅜	- ⅜
25½	15¼	Rykoff	.60	3.7	17	165	16⅝	16⅛	16⅛	- ⅝
24	10⅜	Ryland	.60	6.0	3	788	10¼	d 9⅞	10	- ⅛
12¾	5⅞	Rymer				207	5⅝	d 5⅝	5⅝	- ¼
10½	7	Rymr pf1.17		16		1	7⅛	7⅛	7⅛	+ ⅛
		- S-S-S -								
41	33½	SCEcp	2.64	7.4	9	1974	35⅞	35½	35⅝	+ ⅛
14½	8½	SCOR U	.20	2.3	11	78	9⅛	8¾	8¾	- ⅜
9½	4⅝	SL Ind	.16	2.8	113	29	5⅝	5⅝	5⅝	
55½	30¾	SPSTec	1.28	4.0	16	10	32	31⅞	31⅞	- ⅜
36⅝	20½	SPX Cp	1	4.7	14	158	21⅛	20⅞	21⅛	- ¼
[illegible]										
25⅞	14¼	Wynns	.60	3.9	10	41	15¼	15⅛	15⅛	- ⅛
		- X-Y-Z -								
65⅝	32¼	Xerox	3	9.2	6	1693	33¼	32½	32⅞	+ ⅛
49	45½	Xerox pf4.13		9.2		6	45⅜	d45	45	- ⅛
32⅛	16½	YTRA	.72	4.3		80	17⅝	16¾	16⅞	- ⅛
4	1¼	Zapata				833	1⅜	d 1¼	1⅜	- ⅛
9⅞	5	Zemex				5	5⅝	5⅝	5⅝	- ⅛
17¾	5¼	ZenithE				507	5⅝	5⅜	5⅝	- ⅛
19½	13⅜	ZenNtl	.88	6.5	8	101	13⅝	13⅜	13½	- ¼
8⅝	4½	Zenus	.95	19.		330	5	5	5	
17½	10½	Zero	.40	3.9	10	132	10⅝	d10¼	10¼	- ⅛
51⅛	31	Zurnin	.76	2.5	13	484	31⅞	31	31	- ⅛
12⅝	10⅛	Zweig	1.18e	12.		180	10½	d10⅛	10⅛	- ⅛
10	8⅛	ZweigTl	.96	11.		1085	8⅝	8⅛	8⅝	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices September 27

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices September 27

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

AMERICA

Dow tumbles after buoyant opening period

Wall Street

SOARING crude prices and fears about escalation in the Gulf sent stocks tumbling yesterday morning in heavy trading, *writes Karen Zagor in New York.*

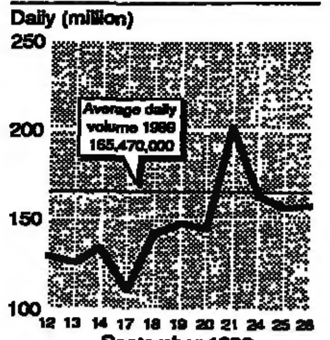
At 2pm, the Dow Jones Industrial Average was 38.61 lower at 2,421.04. On Wednesday, it fell 25.99 to 2,459.65. The Dow's lowest close this year was 2,452.97 on Monday.

The decline was broadly based, with declines leading advances by four to one. The Standard & Poor's 500, considered one of the most accurate gauges of the stock market movement, dropped 5.15 at 1pm to 299.91. In contrast, bonds held on to their morning gains, and at midday the treasury's bellwether 30-year issue was up ¹¹⁄₃₂, yielding 9.09 per cent. The strength of the bond market was triggered by the hope that higher oil prices would hurt economic activity, resulting in lower rates.

Equities had opened in a buoyant mood, with the Dow gaining more than 21 points in the first half hour of trading thanks to falling oil prices overnight. Oil started sinking late on Wednesday, after President Bush said that the US would sell 5m barrels of oil from the nation's strategic oil reserve. But rising tension in the Gulf curtailed the oil price retreat, and by mid-day the price for November crude oil had passed the $40-a-barrel level, from a close of $38.67 on Wednesday.

Bank issues led yesterday morning's stock market decline. Citicorp, which led the New York Stock Exchange's most active list, dropped $1¼ to $13¼. First Capital Holdings plunged $½ to $1½ after the company said late Wednesday that it would buy back up to

NYSE volume



$20m of its 13 per cent senior subordinated debentures due 1999.

NCNB plunged $3⅞ to $19⅝. The North Carolina bank holding company said it would increase its loan and lease loss allowance by $65m, cutting its third quarter profit to between 50 cents to 60 cents a share, down from $1.45 a year earlier.

MCA, which has risen steadily this week on expectations of an acquisition agreement with Matsushita Electric, lost $1⅝ to $58¾.

Union Carbide, which yesterday announced a number of initiatives to improve stockholder value and strengthen its businesses, was one of the few issues to post gains yesterday morning, adding $⅞ to $15⅞.

In the secondary market, the NASDAQ composite index was off 8.14 at 341.89 at mid-session and the New York Stock Exchange Composite was down 2.80 at 164.72.

US Trust Corp slid $¾ to $28¾ after losing $⅝ on Wednesday, after it firm disclosed that $16.2m in special charges in the third quarter would result in a loss of about $7m or 77 cents a share, compared with earnings of $10.5m or $1.05 the previous year.

Nike dropped $3½ to $61, Network General lost $1¼ to $4⅞ after the company said it expects second quarter income to be below its first quarter level of 13 cents, as adjusted for a two-for-one stock split.

Canada

NEWS that the US navy had boarded an Iraqi tanker in the Red Sea after firing shots across the ship's bow sent Toronto stocks tumbling. The composite index lost 14.6 to 3,166.9 on volume of 13.7m shares, with declines leading advances by 308 to 144.

Canadian Pacific Forest rose C$1¼ to C$29½ after announcing an increase in its newsprint prices, matching Stone-Consolidated's move on Monday. Canada Packers and John Labatt, which said they would merge their flour companies, were flat at C$9⅛ and C$19¼ respectively.

ASIA PACIFIC

Nikkei sent below 22,000 by margin calls pressure

Tokyo

SELLING by individual investors facing additional margin calls dealt another blow to the market yesterday, and the Nikkei average tumbled in thin trading to rewrite its low for the year, *writes Michiyo Nakamoto in Tokyo.*

The overnight fall on Wall Street and higher oil prices added to the market's gloom. Investors increasingly have lost confidence as the Nikkei has passed through the key resistance levels of 23,000 and 22,000 within two days. Even the support operation by dealers and bottom-fishing by investment trusts could not lift the market.

After a bumpy ride, the Nikkei average ended with a loss of 478.71, or 2.2 per cent, at 21,771.91. This is the first close below 22,000 since January 1988. The Nikkei saw an intraday high of 22,311.89 and a low of 21,531.77. Of issues traded, 856 declined while 102 advanced and 64 were unchanged. There were 665 issues recording 1990 lows.

Turnover rose from Wednesday's 360m shares but was still weak at 430m. The broad-based Topix index fell 31.18 to 1,620.26 but, in London trading, the ISE/Nikkei 50 index picked up 14.20 to 1,248.66.

Following a recent pattern, institutional investors remained largely on the sidelines, and a large part of the selling came from individuals who were concerned about the need to pay additional margin calls, analysts said.

Investors were in no mood to respond positively to developments, such as news that the US plans to release its oil reserves. Although this provided some encouragement, the news was overshadowed by fears of higher oil prices and interest rates. Sharp falls on the futures market, as investors attempted to hedge their stock holdings, only exacerbated those fears.

While dealers and investment trusts supported a moderate recovery in afternoon trading, their activity lacked the momentum to persuade others to sustain the uptrend.

With the banks undergoing restructuring to meet capital adequacy requirements, some brokers see more declines on the horizon.

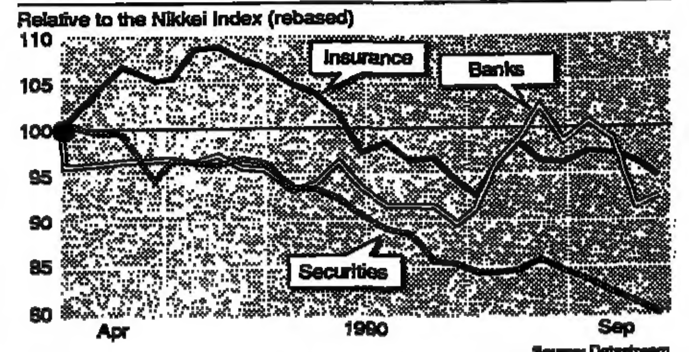
Issues sensitive to interest rates suffered a widespread sell-off. Kobe Steel, which topped the actives list with 25.6m shares, lost Y5 to Y500. It had been popular recently on the strength of its aluminium business, which is expected to grow as car makers seek lighter bodies for more fuel-efficient vehicles.

Yesterday saw some interest in blue chips, particularly by investment trusts. The consensus view is that any buying will focus on companies with good fundamentals. Toyota, the automaker, was pursued as a company with strong earnings potential and a low price/earnings ratio of 15.7.

Sansui, the specialised audio maker in which Polly Peck International, of the UK, has a large stake, forged ahead Y36 to Y450. The Sansui share price has plunged recently on worries about Polly Peck.

Osaka plummeted, the OSE index finishing 1,033.23 weaker at 24,998.84. This was the first fall below 25,000 since February 1988. Turnover swelled to 99.5m shares from 34.3m.

Japanese financial sectors



Roundup

NEW LOWS peppered the Pacific Basin yesterday, but the mood of depression was relieved by improvements in one or two areas.

TAIWAN rose 4.2 per cent after a four-day drop of 16½ per cent, the weighted index ending 108.22 higher at 2,705.01 before a three-day weekend. The market will be closed today and tomorrow to mark the birthday of Confucius.

Volume rose from T$14bn to T$16.4bn. Talk of a task force to assist small and medium-sized companies, and a proposal to allow securities houses to conduct margin lending was said to have helped the market.

MANILA set a 41-month low after bomb attacks on multinationals, the composite index slipping 7.73, or 1.4 per cent, to 544.02 in volume up from 63.9m to 81.2m pesos. NEW ZEALAND fell to a 5½-year low, the Barclays index losing 18.50, or 1.3 per cent, to 1,456.55. This was in spite of a 10 per cent rise in profits at Brierley Investments, slightly below some analysts' expectations but welcome nevertheless. BIL eased 2 cents to NZ$1.35.

JAKARTA's composite index shed 13.13 to 464.25, KUALA LUMPUR eased 4.04 to a 1990 low of 469.84 and HONG KONG's Hang Seng dipped 10.79 to 2,767.95 as turnover fell to HK$560m (HK$690m).

News was better in AUSTRALIA, which made its first gain in 11 days, and in BANGKOK, where a rise of 5.09 to 630.15 was ascribed to a fund set up by local brokers.

In Sydney, bargain hunting and options and futures-related trading prompted a slight rally, the All Ordinaries index rising 7.9 to 1,393.6, in spite of another drop of 46 cents to A$7.84 in News Corp on turnover of 1.3m shares. Queensland Cement rose 35 cents to A$3.80 on 13.9m traded following the takeover bid from the Swiss-based Holderbank.

EUROPE

Domestic concerns sway continental bourses

HIGH interest rates, and industrial recession in Europe seemed more important influences on bourse yesterday than events in the Gulf, *writes Our Markets Staff.*

STOCKHOLM slid for the twelfth straight day on problems among Swedish financials. Trading in seven finance/holding companies has been halted this week after revelations of losses, and the Affärsvärlden general index has fallen by 11.5 per cent in four days. Yesterday's fall was 26.0, or 2.7 per cent to 945.4 and dealers were relieved that turnover stayed fairly low at SKr285m, up from SKr276 on Wednesday.

However, there were conflicting influences on the sector. Gota rose against the trend, closing SKr8 higher at SKr110 on the news that the Swedish finance ministry is proposing to allow insurance companies to own banks and financial institutions. The insurance group, SPP, bought 44 per cent of Gota earlier this week at an indicated price of SKr200 a share in a deal subject to government approval.

FRANKFURT had a roller-coaster ride. After an early rise to just under 1,400, the DAX was closing virtually unchanged when a Japanese house forced blue chip prices down with small lot sales just before the close. The official close was 1,354.08, down 27.91 or 2 per cent. Volume eased from DM5.4bn to DM4.9bn after a rise of 8.89 to 595.44 in the FAZ at midsession.

Immediately after the close, an encouraging start on Wall Street took German blue chips between 0.5 and 1 per cent higher again on London screens; but as Wall Street turned sour in mid-morning, prices slid back again in the European late afternoon.

Among second liners, Bilfinger & Berger lost another DM30 to DM700. The company claims property rights over 650,000 sq metres of land in East Berlin which could be worth its entire equity market capitalisation, but investors may be getting tired with this story, said Mr Michael Geiger at County NatWest.

PARIS staged a technical recovery, with the CAC 40 index gaining 24.78 or 1.7 per cent to 1,523.95, although turnover remained modest at about FFr2bn. CGE gained FFr13.90 to FFr483.90 in fairly active trading, as 374,270 shares changed hands, after reporting a better-than-expected rise in first-half profits on Wednesday.

Paribas, which yesterday reported profits growth of 30 per cent, gained FFr8 to FFr457, after reaching a day's high of FFr475. Pechiney International added FFr1.40 to FFr106.50, before announcing first-half profits after the close. One of the session's best performers was CFAO, the trading group, which jumped FFr22 or 6.2 per cent to FFr378 as it continued to respond to the proposal to merge with Pinault, the timber company, which regained FFr14 to FFr316 after the previous day's sharp fall.

MILAN firmed along with other European bourses but trading was thin as operators awaited first half results from Fiat and Olivetti. Both sets were very disappointing and are expected to weigh on the market today. The Comit index rose 7.17 to 562.88.

Fiat closed L192 better at L6,227 before a 13 per cent drop in profits compared with market expectations of 8-10 per cent. Analysts said that Fiat's margins were under severe pressure and that its share price was likely to remain depressed for some time to come, given that 80 per cent of its operating profits are from automotive-related businesses.

Olivetti's first half profits dropped 40 per cent, well below analysts' forecasts of 15-20 per cent and its chairman, Mr Carlo de Benedetti, warned that the full year would be hit by the industry-wide squeeze on profits. The shares had closed L67 higher at L3,828.

BRUSSELS finished mixed to firmer, with the cash market index up 30.5 at 4,997.61, but turnover was very light. Société Générale de Belgique rose BFr15 to BFr2,110 after Cerus disposed of another 4.4 per cent of its remaining stake in the Belgian conglomerate on Wednesday.

Meanwhile, FN, La Générale's troubled arms subsidiary which is due to announce results today, gained BFr13 to BFr210; a consortium of banks has set conditions for the company's rescue.

Solvay, the chemicals company, rose BFr100 to BFr9,450; it reported a small decline in first-half net profits.

AMSTERDAM was supported by firmer London and Wall Street stock markets but there was little fresh news to give direction. The bourse was still recovering from Rodamco's unexpected decision to stop supporting its share price. The CBS Tendency index closed 0.2 higher at 94.1.

Blue chips closed mixed, with Royal Dutch edging down FL 1.40 to Fl 137.50 while the airline, KLM, firmed 70 cents to Fl 23.60. Rodamco closed 20 cents higher at Fl 60.20 while VIB, another real estate fund, fell Fl 5.60 to Fl 75.30 following its two-day suspension.

OSLO fell 2.2 per cent on renewed jitters about the Gulf. The all-share index fell 12.36 to 545.60. Norsk Hydro dropped NKr8 to NKr227.50; MADRID's general index rose 2.46 to 212.04.LISBON's BTA index fell 44.2 or 1.9 per cent to 2,333.9; but the ISTANBUL index gained 77.66 to 5,008.63 in turnover down to TL62.8bn from TL78bn.

SOUTH AFRICA

FURTHER GAINS in the bullion price lifted gold shares in Johannesburg yesterday, while the positive US response to President FW de Klerk's recent visit buoyed leading industrial stocks. The gold index gained 19 to 1,602.

Belgium enjoys degree of protection

Lucy Kellaway says that the Brussels bourse need not be ashamed

IT WOULD be an exaggeration to say that a market which has fallen 22 per cent in two months has done well. Yet the Belgian stock market need not feel too ashamed of its performance, which in local currency terms has been slightly better than many other European markets.

Stock volumes have dropped, but they are not down further than anywhere else: the BFr700m to BFr800m ($22m to $25m) being traded at the moment is not too far short of the BFr1bn that is considered a decent day's trading in Brussels.

The achievement is all the more remarkable given the composition of the Belgian market, which is long on all of the semi-finished goods, which have been having a difficult time everywhere since Iraq invaded Kuwait.

All of Belgium's traditional industrial sectors, such as chemicals and ferrous metals, have undergone a sharp reversal of fortunes. Investors, who for the past two years have been telling themselves that these companies are no longer really cyclical, are thinking again.

Earnings forecasts for big companies are coming thumping down, while Bekaert, hitherto one of the market's favourites, showed just how bad things could be earlier this month with a fall in its profits of more than 80 per cent.

Not all companies are being as informative as Bekaert, which had been putting out warnings that its figures would be poor ever since the summer. Société Générale de Belgique, the biggest of them all, has said nothing to prepare the market for what could be poor figures next week. Analysts are bracing themselves for an unpleasant surprise, as SGB owns big stakes in some of the worst affected companies, such as Acec Union Minière and FN. The company's shares are down by about a third in barely eight weeks.

Likewise, the economy itself may suffer more than some of its European neighbours from the Iraqi fall-out. As a heavy user of oil for its industries, and dependent for almost all its needs on imports, the effect on its balance of payments is likely to be heavy. Inflation is likely to be doubly affected, both directly through higher oil prices, and indirectly through the index-linking of wages.

So how has the market managed to get off relatively lightly? Part of the reason is that it has been protected by some very high yields. The electricals sector, for example, yields 9.4 per cent. *Meanwhile, banks and retailers, both of* which are well represented on the Brussels bourse, have also been supported thanks to their defensive charms.

A happy economic factor, at least for the time being, has been the boost given to the Belgian franc and to interest rates by the weakness of the D-Mark. The sensible moves by the government to scrap withholding tax on bonds may also have helped. The Belgian franc continues to enjoy its position towards the top of the EMS, while short-term interest rates have come down from more than 10.5 per cent six months ago to less than 9 per cent. The gap between Belgian and German rates has more than halved, and at the short end of the market Belgian rates are less than a percentage point higher.

Meanwhile, the bourse authorities and the Finance Ministry have been doing their best to make sure that investors do not lose their confidence in Brussels, with a series of reforms aimed at making the market more transparent and more professional. Starting earlier this month the market has even been open for an extra hour a day – and although the additional time is scarcely needed when trade is slack, it should be welcome when volumes are strong.

Off the market, Belgian stocks have also been given a morale boost from the decision by some London brokers - notably S.G. Warburg – *to include them on the* Seaq system. When the Seaq system started, Solvay and Kredietbank were quoted, but trading was minimal and Solvay was eventually taken off for lack of interest. Now there are 12 Belgian stocks on the screen, looking for international buyers – although they may not find them just yet.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 26 1990								TUESDAY SEPTEMBER 25 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (79)	134.92	−0.6	107.31	117.01	110.27	107.95	−0.6	7.06	136.74	107.25	117.77	110.38	108.66	158.31	125.85	155.87
Austria (19)	180.32	+1.0	143.42	156.39	147.37	146.90	+1.3	1.86	178.57	141.06	154.93	145.20	144.94	285.63	178.57	161.08
Belgium (61)	126.82	+0.1	100.87	109.98	103.64	100.86	+0.4	5.74	126.67	100.08	109.89	103.00	100.43	160.02	126.67	144.47
Canada (119)	128.50	−0.9	102.21	111.44	105.02	107.34	−0.5	3.73	129.62	102.41	112.45	105.39	107.89	153.61	128.50	148.82
Denmark (33)	235.36	−1.2	187.20	204.13	192.36	191.91	−0.5	1.55	238.22	188.21	206.66	193.70	192.86	277.62	235.36	196.69
Finland (26)	103.43	−1.4	82.27	89.71	84.54	80.90	−1.0	3.39	104.86	82.85	90.98	85.27	81.70	152.29	103.43	123.12
France (122)	124.98	−0.4	99.40	108.38	102.13	103.17	+0.1	3.98	125.52	99.17	108.89	102.05	103.07	166.85	124.98	139.63
West Germany (92)	104.02	+0.2	82.74	90.23	85.01	85.01	+0.7	2.64	103.85	82.05	90.11	84.44	84.44	144.63	103.85	100.92
Hong Kong (48)	113.10	−1.2	89.96	98.08	92.44	112.68	−1.2	5.80	114.43	90.41	99.28	93.05	114.01	147.49	112.24	114.66
Ireland (17)	139.04	−1.6	110.59	120.58	113.63	114.57	−1.1	4.56	141.26	111.61	122.56	114.86	115.89	198.57	139.04	159.92
Italy (94)	80.87	−0.3	64.32	70.13	66.09	71.03	+0.3	3.35	81.10	64.08	70.36	65.94	70.81	109.26	80.87	94.68
Japan (454)	114.09	−4.0	90.74	98.94	93.25	98.94	−4.1	0.85	118.87	93.92	103.13	96.67	103.13	197.26	114.09	189.78
Malaysia (35)	188.39	−2.4	149.84	163.38	153.96	195.94	−2.4	3.11	192.93	152.43	167.38	156.87	200.66	250.89	188.39	202.32
Mexico (13)	499.68	−0.2	397.43	433.35	408.38	1581.87	−0.1	0.33	500.52	395.45	434.24	406.98	1583.99	561.41	324.53	311.66
Netherland (42)	129.29	+0.2	102.84	112.13	105.67	104.57	+0.8	5.44	129.04	101.95	111.95	104.93	103.77	149.03	129.04	129.87
New Zealand (16)	56.79	−0.6	45.17	49.25	46.41	48.72	−0.2	7.32	57.12	45.13	49.56	46.45	48.82	75.36	56.79	83.36
Norway (23)	250.22	−1.5	199.02	217.01	204.51	206.41	−1.0	1.54	254.06	200.74	220.44	206.60	208.56	276.79	202.34	168.51
Singapore (25)	150.06	−2.0	119.36	130.14	122.64	122.12	−2.0	3.42	153.07	120.94	132.80	124.46	124.57	209.24	150.06	164.19
South Africa (60)	168.32	−0.7	133.88	145.97	137.56	142.34	+0.9	4.08	169.50	133.92	147.05	137.82	141.14	251.39	163.80	160.23
Spain (42)	128.85	−0.6	102.48	111.75	105.30	95.81	−0.4	5.75	129.68	102.46	112.51	105.44	96.18	182.25	128.85	169.75
Sweden (34)	167.80	−1.8	133.47	145.53	137.14	143.33	−1.3	2.80	170.84	134.98	148.22	138.91	145.23	234.98	167.80	178.97
Switzerland (65)	85.56	−0.6	68.05	74.21	69.94	69.54	+0.2	3.05	86.06	68.00	74.67	69.99	69.39	109.77	85.56	90.28
United Kingdom (300)	148.64	−0.5	118.22	128.90	121.47	118.22	+0.2	5.89	149.37	118.02	129.58	121.45	118.02	176.18	139.87	154.70
USA (534)	123.01	−1.0	97.84	106.69	100.54	123.01	−1.0	4.00	124.23	98.15	107.79	101.02	124.23	148.95	122.75	140.31
Europe (970)	125.45	−0.4	99.78	108.80	102.53	101.12	+0.2	4.60	125.90	99.47	109.23	102.38	100.88	157.65	125.45	132.26
Nordic (116)	177.39	−1.5	141.09	153.84	144.98	142.15	−0.9	2.14	180.07	142.27	156.22	146.42	143.47	223.29	177.39	165.95
Pacific Basin (657)	114.72	−3.8	91.24	99.49	93.76	99.58	−3.8	1.30	119.22	94.20	103.44	96.94	103.53	192.75	114.72	185.65
Euro – Pacific (1627)	119.40	−2.3	94.97	103.54	97.58	100.94	−2.1	2.72	122.26	96.60	106.06	99.41	103.11	174.18	119.40	164.41
North America (653)	123.28	−1.0	98.04	106.91	100.76	122.02	−1.0	3.98	124.47	98.34	108.00	101.23	123.19	148.43	123.10	140.72
Europe Ex. UK (670)	110.84	−0.3	88.16	96.14	90.61	90.87	+0.3	3.67	111.12	87.80	96.43	90.37	90.62	145.62	110.84	117.77
Pacific Ex. Japan (203)	121.43	−0.9	96.58	105.33	99.25	104.21	−0.9	6.27	122.59	96.86	106.37	99.69	105.20	146.72	121.43	136.02
World Ex. US (1819)	120.41	−2.3	95.77	104.43	98.41	101.94	−2.0	2.76	123.19	97.33	106.89	100.17	104.03	173.77	120.41	163.92
World Ex. UK (2053)	117.59	−2.0	93.53	101.99	96.12	107.51	−1.9	2.87	119.96	94.78	104.08	97.55	109.57	162.00	117.59	154.41
World Ex. So. Af. (2293)	120.06	−1.8	95.49	104.13	98.13	108.34	−1.7	3.19	122.29	96.62	106.10	99.44	110.18	161.84	120.06	154.39
World Ex. Japan (1899)	124.80	−0.7	99.26	108.24	102.01	113.79	−0.5	4.31	125.71	99.32	109.07	102.23	114.33	151.59	124.80	137.74
The World Index (2353)	120.35	−1.8	95.72	104.38	98.37	106.57	−1.7	3.20	122.57	96.84	106.35	99.67	110.40	162.05	120.35	154.42

Latest prices were unavailable for this edition.